MTN Nigeria Communications Plc
Audited consolidated and separate financial statements
for the year ended 31 December 2020
Together with Directors' and Auditor's Reports

Corporate Information

Registered Company Number 395010

Directors

Names	Nationality	Position
Dr. Ernest Ndukwe, OFR	Nigerian	Chairman
Mr. Karl Toriola	Nigerian	Non-Executive Director
Mr. Rob Shuter**	South African	Non-Executive Director
Mr. Ralph Mupita	South African	Non-Executive Director
Mr. Jens Schulte-Bockum	German	Non-Executive Director
Mr. Michael Ajukwu	Nigerian	Independent Non-Executive Director
Mr. Paul Norman	South African	Non-Executive Director
Mr. Rhidwaan Gasant	South African	Independent Non-Executive Director
Mr Ferdinand Moolman	South African	Executive Director (CEO)
Mr. Muhammad K. Ahmad, OON	Nigerian	Independent Non-Executive Director
Mr. Abubakar B. Mahmoud, OON	Nigerian	Non-Executive Director
Dr. Omobola Johnson	Nigerian	Non-Executive Director
Mr. Andrew Alli, MFR	Nigerian	Non-Executive Director
Mrs. Ifueko M. Omoigui, MFR	Nigerian	Non-Executive Director
Mr. Modupe Kadri***	Nigerian	Executive Director

Resigned 1 September 2020|*Appointed 1 March 2020

Registered office
4 Aromire road,
Off Alfred Rewane
Ikoyi Lagos

Holding company
MTN International (Mauritius) Limited
incorporated in the Republic of Mauritius

Auditors
Ernst & Young Nigeria
Chartered Accountants
10th & 13th floors
UBA House
Marina
Lagos

Company Secretary
Uto Ukpanah

Registrars
Coronation Registrars Limited
9 Amodu Ojikutu Street
Victoria Island, Lagos

Tax Identification Number 00969009-0001

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2020

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*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Financial highlights

	Notes	2020	2019*	% Change
		N 'million	N 'million	
Revenue	9	1,346,390	1,169,831	15.1
Operating profit**		426,713	393,225	8.5
Profit before tax**		298,874	291,277	2.6
Profit for the year		205,214	203,283	0.9
Share capital		407	407	-
Total equity		178,386	145,857	22.3
Basic/diluted earnings per share (N)	42	10.08	9.99	0.9
Net assets per share (N)		8.76	7.17	22.3
Stock Exchange Information				
Market price per share as at year end (N)		169.90	105.00	61.8
Market capitalisation as at year end		3,458,232	2,137,224	61.8
Number of shares issued and fully paid as at year end (in thousands)	42	20,354,513	20,354,513	-

*The comparative 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

**The 8.5% growth in operating profit was impacted largely by increase in finance costs due to increased borrowings (December 2020: N521 billion, December 2019: N413 billion) leading to decline in growth of profit before tax to 2.6%.

The financial highlights reflect Group numbers only.

Directors' report

The directors present their report on the affairs of MTN Nigeria Communications Plc and its subsidiaries (the Group), together with the financial statements and independent auditors' report for the year ended 31 December 2020.

Principal Activities of the Group

MTN Nigeria Communications Plc, formerly MTN Nigeria Communications Limited (MTN Nigeria or the Company) was incorporated on 08 November 2000 as a private limited liability company under the Companies and Allied Matters Act 1990 as amended. It was granted a licence by the Nigerian Communications Commission on 09 February 2001 to undertake the business of building and operating GSM Cellular Network Systems and other related services nation-wide in Nigeria. The Company commenced operations on 08 August 2001 (commercial launch date). Currently, the Company holds a Unified Access Service License (UASL).

The Company re-registered as a public limited company, MTN Nigeria Communications Plc on 18 April 2019 and was listed by introduction on the Premium Board of the Nigerian Stock Exchange on 16 May 2019.

The registered office address of the Company is 4, Aromire Road, Off Alfred Rewane, Ikoyi Lagos. The principal place of business is MTN Plaza, Falomo, Ikoyi, Lagos.

The Group's subsidiaries are XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited. The subsidiaries principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services in Nigeria.

In furtherance of its mobile financial services in Nigeria, the Company applied to the Central Bank of Nigeria (CBN) for a Payment Service Bank license. The approval is yet to be received from CBN.

The Nigerian Communication Commission (NCC) on 5 April 2019, granted Visafone Communications Limited (Visafone) the approval to transfer its 800mHz license and spectrum to MTN Nigeria Communications Plc. On 24 July 2019, the Board of Visafone approved the voluntary winding down of Visafone Communication Limited. The final general meeting of the Company was held on 5 October 2020 whereby the account of the winding up of the Company was approved. The process for the transfer and liquidation is currently on-going.

Business Review

The Group recorded revenue of N1.35 trillion (2019: N1.17 trillion) and a profit after tax of N205.21 billion (2019: N203.28 billion) for the year.

Directors' report

Operating Results and Dividends

The following is a summary of the Group's operating results:

	2020 N 'million	2019 restated* N 'million
Revenue	1,346,390	1,169,831
Operating profit	426,713	393,225
Profit before taxation	298,874	291,277
Income tax expense	(93,660)	(87,994)
	205,214	**203,283**

During the year ended 31 December 2020, N172.4 billion (31 December 2019; N133.0 billion) dividend was approved and paid as follows:

- 31 December 2019 final dividend: N101.2 billion
- 30 June 2020 interim dividend: N71.2 billion

On 28 July 2020, the Board of Directors approved interim dividends of N71.2 billion for the year ended 31 December 2020 (Interim 2019: N60 billion).

The interim dividend represents N3.50 kobo per ordinary share on the issued share capital of 20.3 billion ordinary shares of 2 kobo each for the period ended 30 June 2020.

The Board of Directors recommend the payment of a final dividend of N5.90 per ordinary share of 2 kobo each subject to shareholders' approval at the forthcoming Annual General Meeting (AGM). If the proposed final dividend is approved, the total dividend for the financial year ended 31 December 2020 will be N9.40 per share of 2 kobo each. Withholding tax would be deducted at the point of payment.

Unclaimed dividends

In line with SEC guidelines, Coronation Registrars Limited on 7 December 2020 returned to the Group the sum of N136,411,567.35 unclaimed dividend number 25 that became 15 months old on 13 November 2020. Therefore, the total amount of unclaimed dividends outstanding as at 31 December 2020 is N136.4 million.

Attorney General of the Federation matter

On 8 January 2020 the Attorney General of the Federation and Minister of Justice (the AGF) formally withdrew the demand notice for N242 billion and US$1.3 billion alleged revenue indebtedness against MTN Nigeria. The AGF referred the matter to the Federal Inland Revenue Service (FIRS) and Nigeria Customs Service (NCS) for resolution.

As a result of this withdrawal, MTN Nigeria equally withdrew its legal action contesting the demand raised by AGF. On 30 January 2020 the court thereby struck out the case. The AGF has formally transferred the matter to FIRS and NSC and MTN has commenced a reconciliation process with both government agencies. MTN Nigeria is expecting a final report at the end of the reconciliation.

Nigerian House of Representatives' (HOR) tax compliance check and alleged $30 billion revenue leakage

On 19 February 2020, MTN Nigeria received a letter from the House of Representative, inviting and requesting MTN Nigeria to submit some tax related documents to the House Committee on Finance in what was called a 'Revenue Monitoring Session'.

On 25 August 2020, MTN received a letter of summon from the Joint Committee on Finance and Banking & Currency of the House of Representative, in respect of $30bn federally collectible revenue and foreign exchange leakages allegedly arising from foreign exchange allocation to some industries, including the telecomumications Industry.

From a preliminary review of the supporting documents that accompanied the summon (and a 246 slide Brief), it was discovered that records demanded are 80% similar to the AGF allegations now referred to the Nigerian Customs Service (NCS) and Federal Inland Revenue Service (FIRS).

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Directors' report

In response to the above request, documents in relation to the enquiry for the period 2012 to 2019 were delivered to the House committee in October and November 2020. The documents submitted are still under-going review by the House Committee.

New SIM Registration Directive

On 9 December 2020, the Nigerian Communications Commission (NCC) suspended the sale and activation of new SIMs. Thereafter, on 15 December 2020, NCC directed all operators to update SIM registration records with valid National Identification Numbers (NINs). The impact of the suspension on our operations was minimal in Q4 2020. We are collaborating with NCC and National Identity Management Commission (NIMC) to ensure our subscriber records are updated, and we have made significant progress in this regard. To date, over 37.2 million subscribers have submitted their NINs, representing approximately 48.7% of our subscriber base. We are working with NIMC for bulk verification of the NINs collected.

In order to support the Federal Government's effort to ensure that every Nigerian has a valid NIN, we have been granted a NIN enrolment licence and have commenced enrolment in 36 centres across the country. We are also working with NIMC and the Ministry of Communications and Digital Economy to expand our enrolment centers and provide an access point for as many Nigerian as possible.

Service agreement amendments

On 23 July 2020, MTN Nigeria Communications Plc (MTN Nigeria) and Global Independent Connect Limited, INT Towers Limited, IHS (Nigeria) Limited and IHS Towers NG Limited, the affiliates of IHS Holding Limited (together, IHS) reached an agreement to provide discounts on selected prices, expand the scope of their current service agreements, and amend the currency conversion for tower services. MTN Nigeria leases the majority of the tower/site space required for its network equipment from IHS.

In the new agreement, the reference rates for conversions to Naira changed from the Central Bank of Nigeria's official rate (CBN) to the Nigerian Autonomous Foreign Exchange Rate (NAFEX). These changes will bring about improved cost for future technology evolution, increased focus on rural connectivity and backhaul in the network.

Spectrum Licence Renewal

Nigerian Communications Commission (NCC) has approved the renewal of our Unified Access Service (UAS) Licence and spectrum licences in the 900MHz and 1800MHz bands. The UAS and spectrum licences, which are due to expire on 31 August 2021 and the process of renewal of the licences for a further ten-year period, starting 1 September 2021 is at an advanced stage. These frequencies underpin our data network and provide the platform on which we can accelerate coverage and continue to improve the quality of our services.

Directors and their interests

The directors who served during the year and their direct/ indirect interests in the Group's equity were as follows:

	2020		2019	
	Direct %	Indirect %	Direct %	Indirect %
Dr. Ernest Ndukwe, OFR	0.0008	Nil	0.0008	Nil
Mr. Karl Toriola	0.0045	Nil	0.0045	Nil
Mr. Rob Shuter	Nil	Nil	Nil	Nil
Mr. Ralph Mupita	Nil	Nil	Nil	Nil
Mr. Jens Schulte-Bockum	Nil	Nil	Nil	Nil
Mr. Michael Ajukwu	Nil	Nil	Nil	Nil
Mr. Paul Norman	Nil	Nil	Nil	Nil
Mr. Rhidwaan Gasant	Nil	Nil	Nil	Nil
Mr. Ferdinand Moolman	Nil	Nil	Nil	Nil
Mr. Muhammad K. Ahmad, OON	Nil	Nil	Nil	Nil
Mr. Abubakar B. Mahmoud, OON	Nil	Nil	Nil	Nil
Dr. Omobola Johnson	0.0011	Nil	0.0011	Nil
Mr. Andrew Alli, MFR	0.0005	Nil	0.0005	Nil
Mrs. Ifueko M. Omoigui, MFR	Nil	Nil	Nil	Nil
Mr. Modupe Kadri	0.0004	Nil	Nil	Nil

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Directors' report

The Board and key management changes

Modupe Kadri was appointed as Executive Director/Chief Financial Officer (CFO) effective 1 March 2020.

Rob Shuter resigned from the Board of MTN Nigeria Communications Plc effective 1 September 2020.

Karl Toriola was appointed Executive Director/Chief Executive Officer (CEO) on 23 October 2020 effective 1 March 2021.

Ferdinand Moolman the current Chief Executive Officer (CEO) will assume the role of MTN Group Chief Risk Officer effective 1 March 2021 and will remain on the Board of MTN Nigeria Communications Plc.

Directors' interest in contracts

None of the directors have notified the Group for the purpose of Section 303 of the Companies and Allied Matters Act of Nigeria (CAMA) 2020, of any declarable interest in contracts in which the Group is involved.

Shareholders and their interest

Share range	Number of shareholders	% of shareholders	Number of holdings	% of shareholdings
1 - 10,000	6,430	76.8955	9,846,942	0.05
10,001 - 50,000	921	11.0141	23,747,379	0.12
50,001 - 100,000	161	1.9254	15,289,023	0.08
100,001 - 500,000	489	5.8479	114,820,710	0.56
500,001 - 1,000,000	114	1.3633	84,245,720	0.41
1,000,001 - 5,000,000	152	1.8177	350,032,640	1.72
5,000,001 - 10,000,000	34	0.4066	234,946,170	1.15
10,000,001 - 50,000,000	48	0.5740	942,933,589	4.63
50,000,001 - 100,000,000	3	0.0359	187,997,182	0.92
100,000,001 - 500,000,000	7	0.0837	1,538,502,595	7.56
500,000,001 - 1,000,000,000	2	0.0239	1,366,607,050	6.71
1,000,000,001 - above	1	0.0120	15,485,544,050	76.08
	8,362	**100**	**20,354,513,050**	**100**

Substantial interest in shares

As at 31 December 2020, MTN International (Mauritius) Limited with total interest of 76.08% held more than 5% of the issued share capital of the Company.

Property, plant and equipment

Information relating to changes in property and equipment is given in Note 17 to the audited consolidated and separate financial statements.

Taxation

Company Income Tax, Education Tax and National Information Technology Development Fund Levy due in the prior years have been duly settled in line with the provisions of relevant tax laws.

An aggregate tax expense of N93.66 billion (December 2019: N87.99 billion) has been recognised in the consolidated statement of profit or loss covering the period January to December 2020.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Directors' report

COVID -19 Pandemic

To support government's efforts at combating the pandemic, MTN Nigeria Communications Plc donated N1 billion to the Coalition Against COVID-19 (CACOVID) and delivered N250 million of personal protective equipment (PPE) to the Nigeria Centre for Disease Control (NCDC) through MTN Nigeria Foundation. This is in addition to the support provided to the Federal Ministry of Education who recommended sites that have been zero rated for educational purposes and to the logistical and communications provided to the Nigeria Governors Forum.

Charitable Gifts

There was an accrual of N2.05 billion made in the year for donations to MTN Foundation Limited by Guarantee (December 2019: N2.02 billion). The Foundation, a duly registered charitable entity separate and distinct from the Group has three main areas of focus, namely; Education, Economic Empowerment and Health.

The Group made no donations to other charitable organisations during the year (December 2019: Nil).

In compliance with S.43 (2) of Companies and Allied Matters Act of Nigeria 2020, the Group did not make any donations to any political party, political association or for any political purpose.

Employment of physically challenged persons

The Group has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Group's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. As at the end of the reporting period, the Group had six (31 December 2019: six) disabled persons in employment.

Employee Consultation and Training

The Group has a vibrant platform called "Employee Council" through which it engages with its employees on a regular basis and also leverages all communication channels to keep employees informed on business performance.

MTN Nigeria is committed to employee development as a key value proposition through its investment in learning and development opportunities to drive personal development and achievement of business targets. This is achieved by identifying skills gaps and sourcing learning interventions to address them. There are also opportunities for professional development and the pursuit of postgraduate studies for eligible employees.

Health, Safety and Welfare at Work

The Group places a high premium on the health, safety and welfare of its employees in their place of work.

Directors' report

Statutory Audit Committee

The Statutory Audit Committee of the Company consists of the following members:

a) Mr. Oye Hassan-Odukale, MFR	Shareholders' Representative - Chairman
b) Mr. Nornah Awoh	Shareholders' Representative
c) Col. Ayegbeni Peters (rtd)	Shareholders' Representative
d) Mr. Rhidwaan Gasant	Independent Non-Executive Director
e) Mr. Muhammad K. Ahmad, OON	Independent Non-Executive Director
f) Mrs. Ifueko M Omoigui Okauru, MFR	Non-Executive Director

All members of the Statutory Audit Committee are financially literate.

Pursuant to the enactment of the Companies and Allied Matters Act (CAMA) 2020; henceforth in accordance with the provisions of Section 404(3) of the Act, the Company's Statutory Audit Committee will henceforth consist of five (5) members comprising of three (3) shareholders and two (2) non-executive directors.

Auditors

Messrs Ernst & Young (EY) were appointed at the Annual General Meeting held on 15 May 2020 to replace Messrs Grant Thornton Nigeria (GT). EY served as the Company's independent auditor during the financial year ending 31 December 2020. The independent auditor's report was signed by Funmi Ogunlowo, a partner in the firm, with Financial Reporting Council (FRC) membership number FRC/2013/ICAN/00000000681.

Messrs Ernst & Young (EY) has indicated willingness to continue in office as auditor in accordance with S.401(2) of the Companies and Allied Matters Act 2020.

By Order of the Board

Uto Ukpanah
Company Secretary
FRC/2014/NBA/00000005748
25 February 2021

Statement of directors' responsibilities

The Companies and Allied Matters Act of Nigeria (CAMA) 2020 requires the directors to prepare audited consolidated and separate financial statements for each financial year that give a true and fair view of the state of the financial affairs of the Group at the end of the year and its profit or loss. The responsibilities include ensuring that the Group:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act of Nigeria (CAMA) 2020.

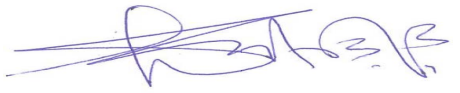
(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its audited consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, which are consistently applied.

The directors accept responsibility for the annual audited consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria (CAMA) 2020.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of audited consolidated and separate financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.



Dr. Ernest Ndukwe, OFR
Chairman of the Board of Directors
FRC/2020/003/00000020337

Mr. Ferdinand Moolman
Chief Executive Officer
FRC/2016/IODN/00000015147

Audit committee report

For the year ended 31 December 2020

To the members of MTN Nigeria Communications Plc

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act (CAMA) 2020, the members of the Audit Committee of MTN Nigeria Communications Plc hereby report as follows:

- We have exercised our statutory functions under Section 404(7) of the Companies and Allied Matters Act, 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices.
- The scope and planning of both the external and internal audits for the year ended 31 December 2020 were satisfactory and reinforce the Group's internal control systems.
- We have considered the External Auditors management letter for the year and we are satisfied with management's responses to the External Auditor's recommendations and that management has taken appropriate steps to address the issues raised by the Auditors.
- The external auditors confirmed they received necessary cooperation from management in the course of their statutory audit and that the scope of their work was not restricted in any way.

On behalf of the audit committee

Mr. Oye Hassan-Odukale, MFR
Chairman Audit Committee
FRC/2013/IODN/00000001963
25 February 2021

Building a better
Working world

Ernst & Young
10th & 13th Floors
UBA House
57 Marina, Lagos
P.O. Box 2442, Marina

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0481
Email : service@ng.ey.com
www.ey.com

Independent Auditor's Report

To the Members of MTN Nigeria Communications Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of MTN Nigeria Communications Plc ("the Company) and its subsidiaries (together 'the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audits of the Group and the Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits of the Group and the Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial

Independent Auditor's Report

To the Members of MTN Nigeria Communications Plc

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matters – Continued

statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Renegotiation of lease contracts resulting into lease modification MTN Nigeria leases most of its towers/sites space required for its network equipment. There were contract renegotiations with lessors that resulted into lease modification in the year under review. The contract renegotiation brought about changes in the contract base price and price conversion rate from Central Bank of Nigeria's (CBN) official rate to Nigerian Autonomous Foreign Exchange (NAFEX) Rate. This is accounted for as an amendment to the existing lease as the scope of the lease was not increased following the contract review. This modification led to a change in the incremental borrowing rate (IBR) used for computation of Right-of-Use Assets and Lease liabilities. The Right-of-use assets accounted for 30% of total assets, while lease liabilities accounted for 36% of total liabilities. See Notes 18 and 34 for disclosures. We focused on this area because of its complexity in determining the incremental borrowing rate which require management judgement and due to the materiality of the amounts involved.	Below audit procedures were carried out to address the matter; • We performed our review to ensure that the new contract prices were implemented in line with the contract renegotiation. • We tested the reasonableness of assumptions made in determining the incremental borrowing rate. • We recomputed the present value of the lease liabilities and confirmed that the lease modification was properly accounted for. • We recomputed the finance cost on the leases and agreed the total balance to the profit or loss account.

Other Matter

The consolidated and separate financial statements of MTN Nigeria Communications PLC and its subsidiaries for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 28 February 2020.

Independent Auditor's Report
To the Members of MTN Nigeria Communications Plc
Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Other Information
The Directors are responsible for the other information. The other information comprises the information included in the document titled "MTN Nigeria Communications Plc Audited Consolidated and Separate Financial Statements for the year ended 31 December 2020", which includes the Directors' Report, Report of Audit Committee and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report
To the Members of MTN Nigeria Communications Plc
Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

Independent Auditor's Report
To the Members of MTN Nigeria Communications Plc
Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

– Continued

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better
working world

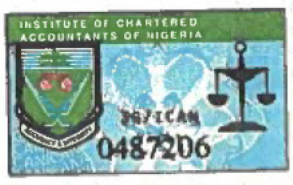
Independent Auditor's Report
To the Members of MTN Nigeria Communications Plc
Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the group and company, in so far as it appears from our examination of those books;
- The consolidated and separate statements of financial position, the consolidated and separate statements of profit or loss and the consolidated and separate statements of other comprehensive income are in agreement with the books of account; and
- In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.

Funmi Ogunlowo, FCA
FRC/2013/ICAN/00000000681
For Ernst & Young
Lagos, Nigeria
27 February 2021



Consolidated and separate statement of profit or loss

		Group		Company	
	Note(s)	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Revenue	9	1,346,390	1,169,831	1,346,288	1,167,515
Other income	10	104	-	104	-
Direct network operating costs	15	(310,248)	(246,604)	(310,248)	(246,550)
Value added services		(12,820)	(12,459)	(12,820)	(12,462)
Costs of starter packs, handsets and accessories.		(20,566)	(12,766)	(20,566)	(12,766)
Interconnect costs		(112,470)	(105,250)	(112,470)	(105,250)
Roaming costs		(2,956)	(4,038)	(2,956)	(4,021)
Transmission costs		(6,106)	(5,553)	(6,106)	(5,688)
Discounts and commissions		(68,528)	(56,586)	(68,148)	(56,569)
Advertisements, sponsorships and sales promotions		(15,144)	(19,848)	(13,144)	(18,830)
Employee costs	13	(45,325)	(30,707)	(44,598)	(30,707)
Depreciation of property and equipment	17	(150,203)	(147,807)	(150,203)	(147,807)
Amortisation of intangible assets	19	(36,699)	(29,997)	(31,381)	(24,643)
Depreciation of right of use assets	18	(72,125)	(54,002)	(72,125)	(54,002)
Other operating expenses	14	(66,591)	(50,989)	(64,530)	(50,477)
Operating profit		**426,713**	**393,225**	**437,097**	**397,743**
Finance income	11	15,848	20,132	15,835	20,205
Finance costs	12	(143,687)	(122,080)	(143,687)	(122,080)
Profit before taxation		**298,874**	**291,277**	**309,245**	**295,868**
Taxation	16	(93,660)	(87,994)	(96,763)	(89,386)
Profit for the year		**205,214**	**203,283**	**212,482**	**206,482**
Earnings per share - basic/diluted (N)	42	10.08	9.99	10.44	10.14

The accompanying notes form an integral part of the audited consolidated and separate financial statements.

*The comparative 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Consolidated and separate statement of other comprehensive income

		Group		Company	
	Note(s)	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Profit for the year		**205,214**	**203,283**	**212,482**	**206,482**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Other comprehensive (loss)/income for the year net of taxation	24.1	-	275	-	275
Transfer of fair value reserve of investments designated at FVOCI	24.1	(282)	-	(282)	-
Other comprehensive (loss)/income for the year net of taxation		**(282)**	**275**	**(282)**	**275**
Total comprehensive income		**204,932**	**203,558**	**212,200**	**206,757**
Total comprehensive income attributable to:					
Owners of the parent		204,932	203,558	212,200	206,757
		204,932	**203,558**	**212,200**	**206,757**

Financial assets classified as fair value through other comprehensive income are Federal Government treasury bills investments, which are exempted from company income tax.

The accompanying notes form an integral part of the audited consolidated and separate financial statements.

*The comparative 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Consolidated and separate statement of financial position as at 31 December 2020

		Group		Company	
	Note(s)	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Assets					
Non-current assets					
Property and equipment	17	686,157	625,095	686,157	625,095
Right of use assets	18	595,745	476,357	595,745	476,357
Intangible assets	19	111,080	120,946	79,525	84,072
Investments in subsidiaries	20	-	-	49,328	45,578
Contract acquisition costs	31	7,990	4,852	7,990	4,852
Prepayments	23	13,906	12,145	13,906	12,145
Other investments	24	25,847	-	25,847	-
		1,440,725	**1,239,395**	**1,458,498**	**1,248,099**
Current assets					
Inventories	22	2,158	909	2,158	909
Trade and other receivables	23	50,766	52,824	53,110	54,019
Current investments	24	146,783	54,827	146,783	54,827
Restricted cash	25	47,913	38,050	47,913	38,000
Cash and cash equivalents	26	275,198	116,278	271,041	114,301
		522,818	**262,888**	**521,005**	**262,056**
Total assets		**1,963,543**	**1,502,283**	**1,979,503**	**1,510,155**
Equity and liabilities					
Equity					
Share capital	27	407	407	407	407
Share premium	28	17,216	17,216	17,216	17,216
Other reserves	27.1	239	521	239	521
Retained profit		160,524	127,713	184,370	144,291
		178,386	**145,857**	**202,232**	**162,435**
Liabilities					
Non-current liabilities					
Borrowings	29	330,551	380,089	330,551	380,089
Derivatives	21	-	265	-	265
Lease liabilities	34	586,992	458,509	586,992	458,509
Deferred tax	36	113,130	120,587	108,693	113,040
Provisions	33	38	71	38	71
Share based payment liability	46	2,273	745	2,273	745
Employee benefits	35	8,261	1,578	8,261	1,578
		1,041,245	**961,844**	**1,036,808**	**954,297**
Current liabilities					
Trade and other payables	30	303,977	190,444	301,182	189,646
Borrowings	29	190,599	32,453	190,599	32,453
Derivatives	21	194	-	194	-
Lease liabilities	34	54,798	33,564	54,798	33,564
Contract liabilities	32	62,301	46,806	61,919	46,745
Current tax payable	38	107,310	65,625	107,038	65,325
Provisions	33	24,733	25,690	24,733	25,690
		743,912	**394,582**	**740,463**	**393,423**
Total liabilities		**1,785,157**	**1,356,426**	**1,777,271**	**1,347,720**
Total equity and liabilities		**1,963,543**	**1,502,283**	**1,979,503**	**1,510,155**

The audited consolidated and separate financial statements were approved by the Board Of Directors on the 25 February 2021 and were signed on its behalf by:

Dr. Ernest Ndukwe, OFR	**Ferdinand Moolman**	**Modupe Kadri**
Chairman of the Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**
FRC/2020/003/00000020337	**FRC/2016/IODN/00000015147**	**FRC/2020/001/00000020737**

The accompanying notes form an integral part of the audited consolidated and separate financial statements.

*The comparative 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Consolidated and separate statement of changes in equity

	Share capital N 'million	Share premium N 'million	Total share capital N 'million	Other reserves N 'million	Retained profit N 'million	Total equity N 'million
Group						
Balance at 1 January 2019	**646**	**64,498**	**65,144**	**6**	**154,201**	**219,351**
Profit for the year (restated*)	-	-	-	-	203,283	203,283
Other comprehensive income	-	-	-	276	-	276
Total comprehensive income for the year (restated*)	-	-	-	**276**	**203,283**	**203,559**
Redemption of preference shares**	(239)	(47,282)	(47,521)	239	(96,725)	(144,007)
Dividends (Note 27.2)	-	-	-	-	(133,046)	(133,046)
Balance at 31 December 2019 (restated*)	**407**	**17,216**	**17,623**	**521**	**127,713**	**145,857**
Balance at 1 January 2020	**407**	**17,216**	**17,623**	**521**	**127,713**	**145,857**
Profit for the year	-	-	-	-	205,214	205,214
Other comprehensive loss	-	-	-	(282)	-	(282)
Total comprehensive income for the year	-	-	-	**(282)**	**205,214**	**204,932**
Dividends (Note 27.2)	-	-	-	-	(172,403)	(172,403)
Balance at 31 December 2020	**407**	**17,216**	**17,623**	**239**	**160,524**	**178,386**
Note(s)	27	28		27.1		

*The comparative 2019 figures have been restated to reflect the amendment to accounting treatment. See Note 5.

**In 2019, following the Board's approval to redeem the preference shares, the preference share capital of N239.4million (402,590,263 preference shares of US$ 0.005c) and preference share premium of N47.3 billion (402,590,263 US$ 0.005c preference shares at $0.987c each) were reclassified to a Redemption account. The difference between the carrying value of the equity instrument and the fair value of the financial liability (N96.7 billion) being the exchange loss at the date of reclassification was recognized in retained earnings.

Included in other reserves is N239.4 million, a sum equal to the nominal amount of the par value of the redeemable preference shares reclassified from retained earnings to a Capital Redemption Reserve Fund (CRRF) in line with S.182(4) of Companies and Allied Matters Act, 2020 (CAMA).

The accompanying notes form an integral part of the audited consolidated and separate financial statements.

Consolidated and separate statement of changes in equity

	Share capital N 'million	Share premium N 'million	Total share capital N 'million	Other reserves N 'million	Retained profit N 'million	Total equity N 'million
Company						
Balance at 1 January 2019	**646**	**64,498**	**65,144**	**6**	**167,580**	**232,730**
Profit for the year (restated*)	-	-	-	-	206,482	206,482
Other comprehensive income	-	-	-	276	-	276
Total comprehensive income for the year (restated*)	-	-	-	**276**	**206,482**	**206,758**
Redemption of preference shares**	(239)	(47,282)	(47,521)	239	(96,725)	(144,007)
Dividends (Note 27.2)	-	-	-	-	(133,046)	(133,046)
Balance at 31 December 2019 (restated*)	**407**	**17,216**	**17,623**	**521**	**144,291**	**162,435**
Balance at 1 January 2020	**407**	**17,216**	**17,623**	**521**	**144,291**	**162,435**
Profit for the year	-	-	-	-	212,482	212,482
Other comprehensive loss	-	-	-	(282)	-	(282)
Total comprehensive income for the year	-	-	-	**(282)**	**212,482**	**212,200**
Dividends (Note 27.2)	-	-	-	-	(172,403)	(172,403)
Balance at 31 December 2020	**407**	**17,216**	**17,623**	**239**	**184,370**	**202,232**
Note(s)	27	28		27.1		

*The comparative 2019 figures have been restated to reflect the amendment to accounting treatment. See Note 5.

**In 2019, following the Board's approval to redeem the preference shares, the preference share capital of N239.4million (402,590,263 preference shares of US$ 0.005c) and preference share premium of N47.3 billion (402,590,263 US$ 0.005c preference shares at $0.987c each) were reclassified to a Redemption account. The difference between the carrying value of the equity instrument and the fair value of the financial liability (N96.7 billion) being the exchange loss at the date of reclassification was recognized in retained earnings.

Included in other reserves is N239.4 million, a sum equal to the nominal amount of the par value of the redeemable preference shares reclassified from retained earnings to a Capital Redemption Reserve Fund (CRRF) in line with S.182(4) of Companies and Allied Matters Act, 2020 (CAMA).

The accompanying notes form an integral part of the audited consolidated and separate financial statements.

Consolidated and separate statement of cash flows

		Group		Company	
	Note(s)	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Cash flows from operating activities					
Cash generated from operations	39	833,107	608,732	834,702	608,333
Finance income		14,305	16,058	14,293	16,132
Finance costs		(129,854)	(105,261)	(129,853)	(105,262)
Dividends	27.2	(172,403)	(133,046)	(172,403)	(133,046)
Employee benefits paid	35	(379)	(690)	(379)	(690)
Regulatory fine paid		-	(110,000)	-	(110,000)
Tax paid	38	(55,912)	(62,083)	(55,876)	(61,783)
Utilised/paid provision for the year	33	(13,189)	(7,730)	(13,189)	(7,730)
Net cash generated from operating activities		**475,675**	**205,980**	**477,295**	**205,954**
Cash flows from investing activities					
Acquisition of property, plant and equipment		(214,923)	(181,685)	(214,923)	(181,685)
Proceeds from sale of property, plant and equipment		783	1,023	783	1,023
Purchase of contract acquisition costs	31	(8,570)	(3,762)	(8,570)	(3,762)
Acquisition of right of use assets		(14,971)	(4,571)	(14,971)	(4,571)
Purchase of intangible assets		(26,780)	(21,041)	(26,780)	(21,036)
Investment in non-current FGN bonds		(26,070)	-	(26,070)	-
Movement in restricted cash		(9,863)	(831)	(9,913)	(831)
Movement in investment in subsidiaries		-	-	-	(1,750)
Purchase of bonds, treasury bills and foreign deposits		(121,534)	(9,001)	(121,534)	(9,001)
Sale of bonds, treasury bills and foreign deposits		29,818	22,877	29,818	22,877
Net cash flows used in investing activities		**(392,110)**	**(196,991)**	**(392,160)**	**(198,736)**
Cash flows from financing activities					
Redemption of preference shares	27	-	(148,189)	-	(148,189)
Proceeds from borrowings	29	143,682	381,701	143,682	381,701
Repayment of borrowings	29	(41,748)	(146,124)	(41,748)	(146,124)
Repayment of lease liabilities	34	(26,676)	(33,265)	(26,676)	(33,265)
Additional investment in subsidiary	20	-	-	(3,750)	-
Net cash flows generated from financing activities		**75,258**	**54,123**	**71,508**	**54,123**
Net increase in cash and cash equivalents		**158,823**	**63,112**	**156,643**	**61,341**
Cash and cash equivalents at beginning of the year		116,278	53,012	114,301	52,806
Exchange gain on cash and cash equivalents		724	154	724	154
Cash and cash equivalents at the end of the year	26	**275,825**	**116,278**	**271,668**	**114,301**

The accompanying notes form an integral part of the consolidated and separate financial statements.

*The comparative 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

1 General Information

MTN Nigeria Communications Plc (the Company) was incorporated on 08 November 2000 as a private limited liability company under the Companies and Allied Matters Act of Nigeria 2020. The Company was granted a licence by the Nigerian Communications Commission on 9 February 2001 to undertake the business of building and operating GSM Cellular Network Systems and other related services nation-wide in Nigeria. The Company commenced operations on 8 August 2001 (commercial launch date). Currently, the Company holds a Unified Access Service License (UASL) in addition to a 2GHz Spectrum and Digital Terrestrial TV Broadcasting licence, in addition to others shown in note 19.

On 18 April 2019, MTN Nigeria Communications Limited re-registered as a public limited company, MTN Nigeria Communications Plc. The Company was listed by introduction on the Premium Board of the Nigerian Stock Exchange on 16 May 2019. The Company's registered office is at 4, Aromire road, off Alfred Rewane Road, Ikoyi Lagos.

MTN Nigeria Communications Plc's subsidiaries are XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited. Their principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services respectively.

The Group's holding company is MTN International (Mauritius) Limited, a company incorporated in the Republic of Mauritius and its ultimate holding company is MTN Group Limited, a company incorporated in South Africa.

2 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Companies and Allied Matters Act of Nigeria (CAMA) 2020.

The Group has adopted all new accounting pronouncements that became effective in the current reporting period, none of which had a material impact on the Group or the Company.

The audited consolidated and separate financial statements have been prepared under the historical cost basis except for derivatives measured at fair value and debt instruments measured at fair value through profit or loss and at fair value through other comprehensive income.

The consolidated and separate financial statements are presented in Naira and rounded to the nearest millions, except where stated otherwise. Up to 2019, the consolidated and separate financial statements were rounded to the nearest thousands.

3 Going concern

The Group's and Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group and Company should be able to operate within their current funding levels.

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the audited consolidated and separate financial statements.

4 Significant accounting policies

The significant accounting policies applied in the preparation of these audited consolidated and separate financial statements are set out below and in the related notes to the audited consolidated and separate financial statements. The policies applied are consistent with those adopted in the prior year unless otherwise stated.

Notes to the audited consolidated and separate financial statements

4.1 Consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries, XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited companies incorporated in Nigeria. The subsidiaries are wholly owned and controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The subsidiaries are fully consolidated from the date on which control is obtained and deconsolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

The acquisition method is used to account for the acquisition of subsidiaries by the Group. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

4.2 Investments in subsidiaries

The company accounts for investments in subsidiaries at cost less accumulated impairment losses.

Accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

4.3 Foreign currency translation

4.3.1 Functional and presentation currency

Items included in the audited consolidated and separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The audited consolidated and separate financial statements are presented in Naira, which is also the functional currency of the Company.

4.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4.4 Intangible assets

4.4.1 Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their useful lives.

4.4.2 Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised using the straight-line method over their estimated useful life (three years) and carried at cost less accumulated amortisation and impairment losses.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The amortisation method, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate. Computer software are derecognized on disposal or when no future economic benefits are expected from their use.

4.4.3 Goodwill

Goodwill in the consolidated financial statement is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), such excess is recognised immediately in profit or loss as a bargain purchase.

Any changes resulting from additional and new information about events and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amount recognised at that date, are considered to be measurement period adjustments. The Group retrospectively adjusts the amounts recognised for measurement period adjustments. The measurement period ends when the acquirer receives all the information that they were seeking about the facts and circumstances that existed at the acquisition date or learns that information cannot be obtained. The measurement period shall, however, not exceed one year from the acquisition date. To the extent that changes in the fair value relate to post-acquisition events, these changes are recognised in accordance with the IFRS applicable to the specific asset or liability.

4.5 Inventories

Inventories comprises cellular telephones, accessories, starter packs and prepaid cards and are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method and includes directly attributable costs such as custom duties, freight and handling costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where appropriate, provision is made for obsolete, slow moving and defective inventory.

4.6 Property, plant and equipment

Property and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset.
Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Included in property, plant and equipment is the estimated amount required for the decommissioning, dismantling and restoration of leased sites, where there is a legal obligation to restore such sites to their original condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

4.6 Property, plant and equipment (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property and equipment under construction is measured at initial cost and depreciated over its useful life from the date the asset is available for use in the manner intended by management. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for intended use.

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is deemed to be an asset which takes more than 12 months to acquire, construct or produce. Borrowing costs include general and specific borrowings directly attributable to the acquisition, construction or production of qualifying assets. Other borrowing costs are expensed in profit or loss.

Impairment

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property and equipment acquired in exchange for non-monetary assets are measured at the fair value unless the exchange transaction lacks commercial substance or the fair value of the assets cannot be reliably measured. Assets received in the exchange transaction that are not measured at fair value are measured at the carrying value of the asset given up.

A transaction has commercial substance if the difference in either of the points below is significant relative to the fair value of the assets exchanged:

(a) the configuration (risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred; or

(b) the entity-specific value of the part of the operations affected by the transaction changes as a result of the exchange.

In instances whereby the Group receives assets for no consideration (free of charge), the Group accounts for these at cost in accordance with IAS 16 Property, Plant and Equipment, being zero value.

Where assets are received free of charge relating to settlement arising from business interruption, the assets are recognised at their fair value.

4.6 Property, plant and equipment (continued)

Rebates\asset vouchers received from suppliers are applied against future purchases to reduce the amount payable to the respective supplier and the cost of the asset.

Depreciation of property, plant and equipment is recognised to write off the cost of the asset to its residual value, on a straight line basis, over its expected useful life as follows:

Buildings	10-15 years
Leasehold improvements	10-15 years
Network infrastructure	2-15 years
Information systems, furniture and office equipment	2-4 years
Motor vehicles	5 years

Land is not depreciated.

Capital work in progress is not depreciated but tested for impairment every reporting period.

The depreciation method and the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset, and is included in profit or loss.

4.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down.

4.8 Leases

Set out below are the accounting policies of the Group upon adoption of IFRS 16:

4.8.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

4.8.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

4.8 Leases (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. This is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.8.3 Short-term leases and lease of low-values assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000 or N1.8 million). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.8.4 Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancelable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of office equipment due to the relevance of these assets to its operations. These leases have a short non-cancelable period of two years and there will be a negative effect on operations if a replacement is not readily available.

A number of leases entitled both the Group and the lessor to terminate the lease without a termination penalty. In determining whether the Group has an economic incentive to not exercise the termination option, the Group considers the broader economics of the contract and not only contractual termination payments.

4.9 Employee benefits

4.9.1 Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting year is recognised on an undiscounted basis as an expense in that reporting period. A liability is recognised for accumulated leave and for other short-term benefits when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statement; or
- achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the financial statements.

4.9 Employee benefits (continued)

4.9.2 Share-based payment

The Group operates a cash settled share-based compensation plan. The fair value of the employee option over the vesting period is recognised as an expense with a corresponding increase in liabilities. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and the impact of the expense, if any, is recognised in the income statement. Unexercised options lapse 10 years from the date of grant and are forfeited if the employee leaves the Group before they vest.

The fair value of the liability is remeasured at the end of each reporting period until the liability is settled, and at the date of settlement, with any changes in the fair value recognized in the income statement. The fair value of the employee options are initially measured at grant date based on MTN share price at exercise date as compared to the offer price.

4.9.3 Post employment benefits

a) Pension contribution plan

The Group's end of service benefits scheme has been in existence since 1 February 2004 as a defined contribution Scheme governed by the Scheme's Trust Deeds and Rules. All full time employees contribute 8% of monthly emoluments while the Group contributes 10% of monthly emoluments in line with the Pension Reform Act 2014 guidelines. Monthly emoluments comprise of basic salary, housing allowance, transport allowance, leave allowance, 13th month allowance and passage allowance. These contributions are recognised as employee benefits expense when they are due.

b) Long service award

The long service award is a non-contributory benefit. Employees are automatically beneficiaries of the long service award after completing five consecutive years of service with the Company and accrued over the service lives of the employees. Independent actuarial valuations are performed periodically on a projected unit credit basis. Remeasurement gains or losses and curtailment gains or losses arising from valuations are charged in full to income statement.

c) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

d) Retirement benefits

Employees' retirement benefits are calculated based on number of years of continuous service, and upon attaining the compulsory retirement of 60 years. Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives for all full time employees. The defined benefit obligation valuation was carried out using the tools developed by the Actuaries Services of Custodian Investment Plc, formerly Custodian and Allied Plc. Remeasurement gains/losses arising from valuations are charged in full to other comprehensive income.

4.10 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision to pay a levy is not recognised until the obligating event specified in the legislation occurs, even if there is no realistic opportunity to avoid the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

4.10 Provisions (continued)

Decommissioning provision relates to the estimate of the costs of dismantling and removing items of property, plant and equipment and restoring the item and site on which the items are located to their original condition. The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

4.11 Current and deferred income tax

Income tax charge is the sum of current and deferred tax. Income taxes are recognised in profit or loss unless they relate to items that are recorded in Other Comprehensive Income (OCI) in which case the tax is recorded in OCI. The Group determines the tax due based on expected amount payable and on an individual tax position basis.

Current income tax

Current tax is the expected tax payable (companies income tax and tertiary education tax) on the taxable income for the year determined in accordance with the provisions of the Companies Income Tax Act and Tertiary Education Tax Act using the tax rate enacted or substantively enacted as at the reporting date.

Deferred income tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences except;

a. the initial recognition of goodwill; or
b. the initial recognition of an asset or liability in a transaction which:
    i. is not a business combination; and
    ii. at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

Deferred tax is measured at the statutory tax rate enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

Deferred tax asset is recognised for unused tax losses or deductible temporary difference only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority.

Deferred tax on decommissioning liabilities is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Decommissioning liabilities relates to the estimate of the costs of dismantling and removing items of property, plant and equipment and restoring the item and site on which the items are located to their original condition. The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place.

Nigerian Police Trust Fund

Police Trust Fund is computed and recognised at 0.005% of the "net profit" which is profit before tax in line with Nigerian Police Trust Fund Act of 2019. The Act imposes a levy of 0.005% on the Group's operating business in Nigeria. The levy is calculated based on 0.005% of profit before tax.

4.12 Information Technology Development Levy (ITDL)

Information Technology Development Levy is computed and recognised at one percent of profit before tax in line with National Information Technology Development Act of 2007.

4.13 Finance income and expenses

Finance income comprises interest income on funds invested, changes in fair value of financial assets through profit or loss and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance expenses comprise interest expenses on borrowings, unwinding of the discount on provisions, changes in fair value of financial assets through profit or loss and foreign exchange losses that are recognised in profit or loss.

4.14 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or share options are recognised in equity as a deduction, net of tax from the proceeds.

4.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less, if not they are presented as non-current liabilities.

4.16 Revenue

The Group principally generates revenue from providing mobile telecommunications services, such as network services (comprising data, voice and short message service: SMS), value added services (VAS), digital, interconnect and roaming services, as well as from the sale of mobile devices. Products and services may be sold separately or in bundled packages.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

For bundled packages, the Group accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells mobile devices and network services separately.

4.16.1 Categories of Revenue

The main categories of revenue and the basis of recognition are as follows:

Mobile telecommunication services

The Group provides mobile telecommunication services, including network services, value added services (VAS) and digital services. Network services (comprising voice, data, SMS (person to person) are considered to represent a single performance obligation as all are provided over the MTN network and transmitted as data representing a digital signal on the network. The transmission of voice, data and SMS all consume network bandwidth and therefore, irrespective of the nature of the communication, the subscriber ultimately receives access to the network and the right to consume network bandwidth.

Digital revenue is any Value Added Service that involves the application in transacting (i.e. application to person SMS, person to application SMS, Unstructured Supplementary Service Data (USSD), Interactive Voice Response (IVR). These services include rich media, insurance and e-commerce services.

Value added services includes airtime lending and mobile money (Fintech), subscriber identification module (SIM) back up services and voice based services.

4.16 Revenue (continued)

The Group recognises revenue from these services as they are provided. Revenue is recognised based on actual units of network services provided during the reporting period as a proportion of the total units of network services to be provided. The customer receives and uses the benefits of these services simultaneously.

Customers either pay in advance for these services. A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

When the Group expects to be entitled to breakage (forfeiture of unused value or network services), the Group recognises the expected amount of breakage in proportion to network services provided versus the total expected network services to be provided. Any unexpected amounts of breakage are recognised when the unused value of network services expire or when usage thereof becomes remote. Assessment of breakage is updated each reporting period and any resulting change is accounted for prospectively as a change in estimate in terms of IAS 8 Accounting policies, changes in accounting estimates and errors.

Mobile devices

The Group sells a range of mobile devices. The Group recognises revenue when customers obtain control of mobile devices, being when the customers take possession of the devices. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, the Group allocates the transaction price to the device and the network services based on the stand-alone selling prices.

The Group is obligated to replace a faulty device or accessory with another device/accessory. No cash refund is provided to the customer.

Interconnect and roaming

The Group provides interconnect and roaming services. The Group recognises interconnect and roaming revenue and debtors as the service is provided unless it is not probable (based on historical information) on transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling amounts.

The Group has considered historical payment patterns (i.e. customary business practice) in assessing whether the contract contains a significant financing component. For contracts containing a significant financing component, the Group reduces interconnect and roaming revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

4.16.2 Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Certain commissions incurred by the Group in obtaining customer contracts that are payable to third party agents qualify as incremental costs. The Group recognises such commissions as an asset, included as contract acquisition costs, if it expects to recover these costs. The asset is amortised on a straight-line basis over the estimated subscriber tenure on the network. The amortisation period ranges from 18 months to 48 months.

In terms of a practical expedient, the Group has elected to recognise the incremental costs of obtaining contracts in profit or loss, when incurred, if the amortisation period of the assets that the Group otherwise would have recognised is 12 months or less.

Contract costs are assessed for impairment in terms of IAS 36 Impairment of Assets (IAS 36) when there is an indication of impairment.

4.16 Revenue (continued)

4.16.3 Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

Revenue received on prepaid contracts is deferred and recognised when services are utilised by the customer or on termination of the customer relationship. Breakage is recognised in proportion to the pattern of rights exercised by the customer or when utilisation thereof becomes remote.

4.17 Dividends

Interim dividends on ordinary shares are recognised as a liability and a reduction from equity, in the period in which they are approved by the Board of Directors.

Final dividends on ordinary shares are recognised as a liability and a reduction from equity, in the period in which they are recommended by the Board of Directors and ratified by the shareholders.

4.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

4.18.1 Financial assets

Initial recognition, measurement and classification

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets are classified into the following categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

4.18 Financial instruments (continued)

The Group's financial assets at amortised cost includes trade receivables, current investments, restricted cash, cash and cash equivalents.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value.

Current investments comprise investment in treasury bills with maturity periods, that are more than three months but less than twelve months.

Restricted cash represents deposits with banks to secure letters of credit, collateral against repayment of borrowings and bank guarantee on garnishees against court judgement.

Cash and cash equivalents comprise cash in hand, in current accounts which is a non-interest bearing demand deposit, Naira deposits held on call and other highly liquid investments with original maturities of three months or less.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in Federal Government Treasury bills included under current investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and investments in Federal Government Treasury bills.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and attributable transaction costs are recognised in profit or loss when incurred. Subsequently derivatives are measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4.18 Financial instruments (continued)

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECL is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of Federal Government Treasury Bills that are graded in the non-investment category (B- to B+) by the Standard & Poor's (S&P), but are considered to be low credit risk investments as the risk of default is low.

The Group uses the ratings from the S&P both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Derecognition

A financial asset is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred substantially all of the risks and rewards of the asset

On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

4.18.2 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts, there is an intention to settle on a net basis and to realise the assets and settle the liabilities simultaneously.

4.18.3 Financial liabilities

Initial recognition and measurement

Financial liabilities comprise trade and other payables, borrowings and other non-current liabilities (excluding provisions). Financial liabilities are initially measured at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities if payment is required within 12 months and non-current where the settlement of the liability is for at least 12 months after the reporting date.

4.18.3 Financial liabilities (continued)

Derecognition

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The gain or loss in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification

Financial assets are not reclassified unless the group changes its business model. In rare circumstances where the group does change its business model, reclassifications are done prospectively from the date that the group changes its business model.

4.19 Impairment of non-financial assets

4.19.1 Goodwill and Investment in subsidiaries

The Group accounts for investment in subsidiaries at cost less impairment losses.

The Group tests goodwill for impairment on an annual basis. Impairment is determined by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.19.2 Impairment of right-of-use assets

The Company applies IAS 36 Impairment of assets to determine whether the right-of-use assets are impaired.

4.20 Assets held for sale

Assets are classified as held for sale and are stated at the lower of their carrying amount and fair value less cost to sell when their carrying amounts are to be recovered principally through sale rather than continued use and the sale is considered to be highly probable. These assets are recognised under non-current assets.

4.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, whose operating results are reviewed regularly by the Executive Committee (EXCOM), to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned.

Notes to the audited consolidated and separate financial statements

5. IFRS 16 - Prior year restatement

The Group adopted IFRS 16 Leases retrospectively from 1 January 2019 and made a number of judgements, estimates and accounting policy choices. As part of the application on adoption, the Group included non-recoverable VAT on lease payments in the measurement of the lease liability and the right of use asset that is depreciated over the lease term.

As practice has developed and more information became available regarding the wider industry practice of this new accounting standard, the Group has reconsidered its accounting treatment with respect to the non-recoverable VAT on lease payments. Accordingly, it has amended its accounting treatment to exclude non-recoverable VAT from the measurement of the lease liability and right of use asset. This means that the non-recoverable VAT is treated as an expense over the lease period when the obligating event that gives rise to the liability to pay VAT is triggered, which is when payment is made to the lessor. This amendment to the accounting treatment of IFRS 16 will ensure comparability of its financial statements in accordance with the wider industry practice.

The impact of this amendment to accounting treatment had the following effect on the prior period results:

	As previously reported N 'million	Adjustment N 'million	Restated N 'million
Statement of financial position - 1 January 2019			
Right of use assets	513,281	(24,616)	488,665
Lease liabilities	506,001	(24,119)	481,882
Trade and other receivables	38,617	(497)	38,120
Retained profit	154,201	-	154,201
Statement of profit or loss - 31 December 2019			
Depreciation of right of use assets	(56,817)	2,815	(54,002)
Finance costs	(125,325)	3,246	(122,079)
Direct networking operating costs	(242,012)	(4,591)	(246,603)
Other operating expenses	(50,695)	(294)	(50,989)
Profit before taxation	290,104	1,176	291,280
EPS (basic and diluted)	N 9.93	-	N 9.99
Statement of financial position - 31 December 2019			
Right of use assets	500,068	(23,711)	476,357
Lease liabilities	516,534	(24,461)	492,073
Trade and other receivables	52,398	426	52,824
Retained profit	126,537	1,176	127,713
Statement of cash flows - 31 December 2019			
Profit before taxation	290,101	1,176	291,277
Finance costs	125,326	(3,246)	122,080
Depreciation of right of use assets	56,817	(2,815)	54,002
Increase in trade and other receivables	(14,669)	294	(14,375)
Cash generated from operations	605,593	(4,591)	601,002
Finance costs paid	(109,854)	4,591	(105,263)
Net cash generated from operating activities	205,978	-	205,978

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

6. New Standards and Interpretations

6.1 Standards and interpretations effective for the first time for 31 December 2020 year end

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

Notes to the audited consolidated and separate financial statements

6. New Standards and Interpretations (continued)

6.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2021 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's audited consolidated and separate financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework IV Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

Notes to the audited consolidated and separate financial statements

6. New Standards and Interpretations (continued)

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Notes to the audited consolidated and separate financial statements

7. Segment information

The Group has identified three reportable segments that are used by the Executive Committee (EXCOM) to make key operating decisions. All operating segment results are reviewed regularly by EXCOM to make decisions about resources to be allocated and to assess its performance. The reportable segments are largely grouped according to customer type for which discrete financial information is available. The customer segments are as follows:

- Consumer Business Unit (CBU)
- Enterprise Business Unit (EBU)
- Wholesale Business Unit (WBU)

Operating results are reported and reviewed regularly by the EXCOM and include items directly attributable to a segment.

Business segment	Description
Customer Business Unit (CBU)	It consists of subscribers sitting in value propositions and tariff plans dedicated to three sub segments: Youth, High Value and Mass segments. All MTN customers are assumed to fall within CBU except where otherwise stated.
Enterprise Business Unit (EBU)	Enterprise customers are mostly corporate and small medium organisations whose business requires our products, services and solutions to serve their everyday business needs.
Wholesale Business Unit (WBU)	The Wholesale business, serves customers who buy MTN telecom products in bulk with the intention to re-sell these products (mobile or fixed) to their external clients.

A key performance measure of the Group is gross margin.This is defined as revenue less direct costs. The table below presents revenue, direct costs and gross margin for the operating segments for the year ended 31 December 2020 and 31 December 2019 respectively. There were no intersegment transactions during the year.

Information about reportable segments

	CBU N 'million	EBU N 'million	WBU N 'million	Total N 'million
31 December 2020				
Segment revenue	1,169,676	134,814	41,900	1,346,390
Direct costs	(231,303)	(13,762)	(1,047)	(246,112)
Gross margin	**938,373**	**121,052**	**40,853**	**1,100,278**
31 December 2019				
Segment revenue	991,058	132,761	46,012	1,169,831
Direct costs	(205,634)	(12,147)	(993)	(218,774)
Gross margin	**785,424**	**120,614**	**45,019**	**951,057**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

Reconciliation of reportable segment revenue and profit or loss

Revenues

There are no significant reconciling items between the reportable segment revenue and total revenue for the period.
The revenue of the Company is generated majorly from one geographical location, Nigeria.
None of the Company's customers account for 10% or more of the total revenue of the Company.

Profit or loss

	2020 N 'million	2019 restated* N 'million
Segment gross margin	1,100,278	951,057
Unallocated items:		
- Other income	(104)	-
- Operating expenses	(414,434)	(326,026)
- Depreciation & amortisation	(259,027)	(231,806)
- Finance income	15,848	20,132
- Finance expense	(143,687)	(122,080)
Profit before taxation	**298,874**	**291,277**

Segment assets and liabilities

The Group has not provided information on reportable segment assets and liabilities as they are not part of the items regularly reviewed by the Executive Committee (EXCOM) to make operating decisions.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

8. Critical Accounting Judgements, Estimates and Assumptions

The Group makes judgements, estimates and assumptions concerning the future when preparing its financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The "Critical accounting judgements, estimates and assumptions" note should be read in conjunction with the "other significant accounting policies" disclosed in note 4.

8.1 Income taxes

The Group exercises significant judgement in determining its provision for income taxes when dealing with calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

8.2 Provisions

The Group exercises judgement in determining the expected cash outflows related to its provision. Judgement is necessary in determining the timing of outflow as well as qualifying the possible range of financial settlements that may occur.

The present value of the Group's provisions is based on management's best estimate of the future cash outflows expected to be required to settle the obligations, discounted using appropriate pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to each provision.

8.3 Impairment of trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL), which uses a lifetime expected loss allowance for all trade receivables. In applying the provision matrix, the Group estimates the ultimate write offs for a defined population of trade receivables. A loss ratio is calculated according to the ageing profile of the trade receivables by applying the historic write offs to the payment profile of the population adjusted to reflect current and forward looking information on microeconomic factors. The Group exercises significant judgements in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets..

8.4 Extension of lease option

Most lease arrangement has an extension option clause that usually require the exercise price of a purchase option (reasonably certain to be exercised by the Group) and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

8.5 Bundled products

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using estimated standalone selling prices (SASP). The Group generally determines the SASP of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis after considering any appropriate volume discounts.

8.6 Timing of satisfaction of performance obligations

The Group uses the output method to recognise revenue over a period of time. The output methods recognises revenue based on direct measurement of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The bulk of MTN's revenue is from airtime that is used on network services such as voice, SMS, data and digital services. The output method is a faithful depiction as this represents the value transferred to the customer based on usage.

Notes to the audited consolidated and separate financial statements

8. Critical Accounting Judgements, Estimates and Assumptions (continued)

8.7 Principal and agency arrangements

When the Group sells goods or services as a principal, revenue is reported on a gross basis in revenue and the amount paid to the agent is recorded in operating costs. If the Group sells goods or services as an agent, revenue is on a net basis, representing the margin earned. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue.

8.8 Impairment on other and current investments

The Group applies the general approach to estimate impairment of the other and current investments measured at amortised cost and at fair value through other comprehensive income. This area requires the use of inputs and assumptions on the credit rating of the issuer and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

8.9 Amortisation of capitalised contract acquisition costs

The Group has capitalised incremental commission fees paid to trade partners for activating sim kits. These costs are amortised on a straight line basis over the estimated subscriber tenure on the network. The Group has estimated the amortisation periods based on the tenure spent by the subscriber on the network.

8.10 Contract liability

Recharge vouchers that have been purchased but not loaded, and airtime loaded but not recognised, are recorded as part of contract liability. Customers may not exercise all their rights and these are called breakage. The Group recognised the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. The pattern of rights exercised is estimated by reference to recharge/usage patterns. Management estimates a breakage rate with which to gradually release unexercised rights or recognise credit into revenue.

Notes to the audited consolidated and separate financial statements

	Group		Company	
	2020	2019 restated*	2020	2019 restated*
	N 'million	N 'million	N 'million	N 'million

9. Revenue

Revenue from contracts with customers				
Voice	766,389	725,449	766,389	723,923
Data	332,371	219,398	332,371	218,687
SMS	12,330	13,505	12,330	13,467
Interconnect and roaming	133,078	125,042	133,078	125,066
Handset and accessories	7,358	2,208	7,358	2,208
Digital	37,038	35,939	37,038	35,922
Value added services	46,444	37,167	46,444	37,158
Other revenues	11,287	11,026	11,185	10,987
	1,346,295	**1,169,734**	**1,346,193**	**1,167,418**
Revenue other than from contracts with customers				
Rental Income	95	97	95	97
	95	**97**	**95**	**97**
	1,346,390	**1,169,831**	**1,346,288**	**1,167,515**

Data revenue excludes roaming data, roaming data is reported under interconnect and roaming.

SMS revenue excludes inbound roaming SMS. Inbound roaming SMS is reported under interconnect and roaming.

Digital revenue includes Bulk SMS and USSD services.

Value added services includes airtime lending and mobile money (Fintech), subscriber identification module (SIM) back up services and voice based services.

Other revenue comprises revenue from cloud and infrastructure services, information and communication technology (ICT) revenue. Lease rental income from sites leased to other telecom operators is now reported as part of Other revenue. 2019 comparatives have been updated to reflect this reclassification.

10. Other income

Other income	104	-	104	-

Other income in 2020 relates to bad debts recovered. A lease rental income from sites leased to other telecom operators of N96.9 million which was initially reported as other income in 2019 had been reclassified to other revenues in order to align it with group's reporting structure.

11. Finance income

Interest income on bank deposits **	7,860	7,950	7,847	8,023
Interest income on amortised cost investments**	4,644	10,212	4,644	10,212
Net gain on FVTPL investments	1,273	955	1,273	955
Net gain on FVOCI investments***	791	281	791	281
Interest income on related party receivables**	5	16	5	16
Currency swap gain	-	28	-	28
Net foreign exchange gain - realised	1,275	690	1,275	690
Total finance income	**15,848**	**20,132**	**15,835**	**20,205**

** Finance income calculated using effective interest rate method.

***Included in Net gain on FVOCI investments is N282million relating to reclassification of cumulative changes in fair value of FVOCI investments derecognised during the year.

Notes to the audited consolidated and separate financial statements

	Group		Company	
	2020	2019 restated*	2020	2019 restated*
	N 'million	N 'million	N 'million	N 'million

12. Finance costs

Interest expense - borrowings**	53,205	46,967	53,205	46,967
Interest expense - leases**	78,544	64,902	78,544	64,902
Interest expense - banking fees	1,935	2,181	1,935	2,181
Time value accretion on regulatory fine**	-	4,872	-	4,872
Net foreign exchange loss - unrealised	10,051	2,907	10,051	2,907
(Gain)/loss on fair value on derivatives	(70)	251	(70)	251
Currency swap loss	22	-	22	-
Total finance costs	**143,687**	**122,080**	**143,687**	**122,080**

** Finance costs calculated using effective interest rate method.

13. Employee costs

Salaries and wages	30,254	25,792	29,527	25,792
Pension - Defined contribution plan	1,959	1,730	1,959	1,730
Share based payments	1,529	90	1,529	90
Other staff costs	11,583	3,095	11,583	3,095
	45,325	**30,707**	**44,598**	**30,707**

Other staff costs comprises of mortgage subsidy, long service award, termination benefits, reward and recognition, group life insurance, medical expenses, etc.

13.1 Particulars relating to employees

Employees of the Group, other than directors, whose duties were wholly or mainly discharged in Nigeria received remuneration (excluding pension contributions) in the following ranges:

	Group		Company	
	2020	2019	2020	2019
N1,900,001 - N2,500,000	-	-	-	-
N2,500,001 - N3,500,000	1	218	1	218
N3,500,001 - N4,500,000	203	62	203	62
N4,500,001 - N5,500,000	83	67	83	67
N5,500,001 - N6,500,000	53	162	53	162
N6,500,001 - N7,500,000	139	313	139	313
N7,500,001 - N8,500,000	374	114	374	114
N8,500,001 - N9,500,000	90	128	90	128
N9,500,001 - N10,500,000	140	116	140	116
N10,500,001 - N11,500,000	77	98	77	98
N11,500,001 - N12,500,000	39	105	39	105
Over - N12,500,000	645	487	645	487
	1,844	**1,870**	**1,844**	**1,870**

Notes to the audited consolidated and separate financial statements

13. Employee costs (continued)

13.2 The year end number of full time persons employed by the Group was as follows:

	Group		Company	
	2020	2019	2020	2019
CEO's Office	39	54	39	54
Corporate Services	60	66	60	66
Customer Relations	270	271	270	271
Digital Services	14	12	14	12
Finance	288	294	288	294
Human Resources	72	60	72	60
Information Systems	123	127	123	127
Transformation Office**	17	-	17	-
Marketing	97	103	97	103
Network Group	367	379	367	379
Sales and Distribution	298	301	298	301
Enterprise Solutions	141	145	141	145
Internal Audit & Fraud Management	26	23	26	23
Risk & Compliance	32	35	32	35
	1,844	**1,870**	**1,844**	**1,870**

**Transformation office department was created in the year.

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million

13.3 Remuneration was paid in respect of directors of the Group as follows:

Directors' emoluments:				
Fees (non-executive directors)	83	69	79	69
Other emoluments (non-executive directors)	356	165	355	165
Emoluments (executive directors)	732	586	732	586
	1,171	**820**	**1,166**	**820**
The directors' remuneration shown above includes:				
Chairman's remuneration	38	33	38	33
Highest paid director	567	586	567	586
The emoluments of all other directors fall within the following ranges:				
Nil	6	6	6	6
Above N5,000,000	10	14	9	14

		Group		Company	
		2020	2019 restated*	2020	2019 restated*
		N 'million	N 'million	N 'million	N 'million

13. Employee costs (continued)

13.4 Pensions and other post employment benefit plans

The Group has a defined benefit plan (unfunded), long service award (unfunded) and termination benefit (unfunded). The long service awards is made to employees who made milestone anniversaries at the Group and are paid on the anniversary month.

Net benefit expense (recognised in other staff costs, with the exception of pension obligation)

Pension contribution	1,959	1,730	1,959	1,730
Long service award	5,481	231	5,481	231
Termination benefits	120	27	120	27
Retirement benefits	1,581	499	1,581	499
	9,141	**2,487**	**9,141**	**2,487**

14. Other operating expenses

Loss/(profit) on disposal of property, plant and equipment		117	(960)	117	(960)
Directors' emoluments	13.3	1,172	820	1,166	820
Credit loss expense on trade and other receivables	23.1	4,668	301	4,668	460
MTN Foundation		2,125	2,053	2,125	2,053
Insurance cost		1,708	1,496	1,708	1,496
Audit fees		314	304	309	289
Professional fees		24,297	19,899	22,401	19,596
Maintenance costs		17,358	14,728	17,358	14,671
Rent, rates, utilities and other office running cost		6,053	3,044	5,984	3,020
Trainings, travels and entertainment cost		964	4,793	883	4,575
Fixed assets written off	17	-	3,041	-	3,041
Impairment/(reversal of impairment) of property and equipment	17	865	(3,000)	865	(3,012)
Information technology development levy		3,095	2,947	3,092	2,947
Credit loss expense on cash and cash equivalent, treasury bills and bonds	45.4.3	919	-	919	-
Covid-19 related expenses**		2,017	-	2,017	-
Other expenses***		919	1,523	918	1,481
		66,591	**50,989**	**64,530**	**50,477**

**Covid-19 related expenses includes N1 billion donation to the Coalition Against COVID-19 (CACOVID) in April 2020 and costs of Personal Protective Equipment (PPE).

***Other expenses includes bank charges, subscriptions, office refreshments, security costs, etc.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

	Group		Company	
	2020	2019 restated*	2020	2019 restated*
	N 'million	N 'million	N 'million	N 'million

15. Direct network operating costs

Regulatory fees	34,805	30,273	34,805	30,202
Annual Numbering Plan	1,202	983	1,202	977
BTS leases	225,643	170,111	225,643	170,111
Network Maintenance	48,598	45,237	48,598	45,260
	310,248	**246,604**	**310,248**	**246,550**

Following the adoption of IFRS 16 leases, BTS lease expense relating to the non-lease components (power and maintenance) of the tower lease contracts are recognised as an expense in profit or loss as they are incurred..

16. Taxation

Analysis of tax expense for the year

Current				
Company income tax	90,778	67,813	90,776	67,677
Education tax	10,324	8,845	10,319	8,845
Nigerian police trust fund	15	15	15	15
Net current tax charge	101,117	76,673	101,110	76,537
Deferred				
Deferred tax (credit)/charge	(7,905)	10,828	(4,780)	12,053
Prior year tax under provision of deferred tax	448	493	433	796
Net deferred tax (credit)/charge	(7,457)	11,321	(4,347)	12,849
Tax expense for the year	**93,660**	**87,994**	**96,763**	**89,386**

Police Trust Fund is computed and recognised at 0.005% of the "net profit" which is profit before tax in line with Nigerian Police Trust Fund Act of 2019 which came into force on 24th of June 2019. The Act imposes a levy of 0.005% on the Group's operating business in Nigeria. The levy is calculated based on 0.005% of profit before tax.

Tax rate reconciliation

The table below explains the differences between the expected tax expense on continuing operations, at the Nigerian statutory tax rate of 30% (2019: 30%) and the Company's total tax expense for each year.

Profit before tax	298,874	291,277	309,245	295,868
Taxation	(93,660)	(87,994)	(96,763)	(89,386)
Actual tax rate	31.34 %	30.33 %	31.29 %	30.33 %
Applicable tax rate	30.00 %	30.00 %	30.00 %	30.00 %
Exempt income**	(0.47)%	(1.06)%	(0.45)%	(1.04)%
Prior year tax under provision of deferred tax	0.15 %	0.17 %	0.14 %	0.27 %
Investment allowance***	(1.87)%	(2.16)%	(1.80)%	(2.13)%
Expenses not allowed	0.45 %	0.28 %	0.42 %	0.19 %
Education tax	3.07 %	3.09 %	2.97 %	3.03 %
Police trust fund	0.01 %	0.01 %	0.01 %	0.01 %
Effective tax rate	**31.34 %**	**30.33 %**	**31.29 %**	**30.33 %**

The Group is regarded as tax resident in Nigeria in line with the provisions of the Companies Income Tax Act and as such taxable in Nigeria.

**Exempt income represents income from FGN Bonds and Treasury Bills not taxable.

***Investment allowance are allowances in respect of Network and IS Equipment additions during the period.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

17. Property and equipment

Group

	Land & Buildings	Leasehold improvements	Information systems, furniture and office equipment	Motor vehicles	Network infrastructure	Capital work-in-progress	Total
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Cost							
Balance at 1 January 2019	30,107	20,520	38,121	5,975	1,044,145	69,461	1,208,329
Additions	821	1,048	4,544	-	6,144	169,128	181,685
Reallocation	718	278	6,071	-	188,384	(201,055)	(5,604)
Other movement	(2)	-	(182)	(11)	(9,226)	(677)	(10,098)
Disposal	-	(5)	(3,623)	(2)	(24,155)	-	(27,785)
Write-off	-	-	-	-	(3,041)	-	(3,041)
Balance at 31 December 2019	31,644	21,841	44,931	5,962	1,202,251	36,857	1,343,486
Additions	2,360	698	14,957	-	1,937	195,475	215,427
Reallocation	568	2,212	(1,165)	-	175,300	(179,312)	(2,397)
Disposal	(5)	(665)	(11,064)	(1,990)	(305,726)	(662)	(320,112)
Balance at 31 December 2020	**34,567**	**24,086**	**47,659**	**3,972**	**1,073,762**	**52,358**	**1,236,404**
Accumulated depreciation							
Balance at 1 January 2019	18,492	6,111	22,691	3,485	550,526	-	601,305
Charge for the year	1,577	977	9,446	537	135,270	-	147,807
Disposal	-	(5)	(3,583)	(2)	(23,777)	-	(27,367)
Impairment	-	-	-	-	(3,000)	-	(3,000)
Other movement	-	-	(20)	(11)	(326)	-	(357)
Balance at 31 December 2019	20,069	7,083	28,534	4,009	658,696	-	718,391
Charge for the year	1,187	1,814	9,007	507	137,688	-	150,203
Disposal	(4)	(666)	(11,014)	(1,891)	(305,637)	-	(319,212)
Impairment	-	-	-	-	-	865	865
Balance at 31 December 2020	21,252	8,231	26,527	2,625	490,747	865	550,247
Carrying amount							
At 31 December 2020	13,315	15,855	21,132	1,347	583,015	51,493	686,157
At 31 December 2019	11,575	14,758	16,397	1,953	543,555	36,857	625,095

*The 2019 figures have been restated to reflect the changes in accounting policy. See Note 5.

Notes to the audited consolidated and separate financial statements

17. Property and equipment (continued)

Company

	Land & Building	Leasehold improvements	Information systems, furniture and office equipment	Motor vehicles	Network infrastructure	Capital work-in-progress	Total
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Cost							
Balance at 1 January 2019	30,104	20,520	38,098	5,964	1,043,764	69,461	1,207,911
Additions	821	1,048	4,544	-	6,144	169,128	181,685
Disposal	-	(5)	(3,622)	(2)	(24,155)	-	(27,784)
Reallocation	719	278	6,071	-	188,384	(201,055)	(5,603)
Other movement	-	-	(160)	-	(8,845)	(677)	(9,682)
Write-off	-	-	-	-	(3,041)	-	(3,041)
Balance at 31 December 2019	31,644	21,841	44,931	5,962	1,202,251	36,857	1,343,486
Additions	2,360	698	14,957	-	1,937	195,475	215,427
Reallocation	568	2,212	(1,166)	-	175,300	(179,311)	(2,397)
Disposal	(5)	(665)	(11,063)	(1,990)	(305,726)	(663)	(320,112)
Balance at 31 December 2020	34,567	24,086	47,659	3,972	1,073,762	52,358	1,236,404
Accumulated depreciation							
Balance at 1 January 2019	18,492	6,111	22,671	3,474	550,200	-	600,948
Charge for the year	1,577	977	9,446	537	135,270	-	147,807
Disposal	-	(5)	(3,583)	(2)	(23,762)	-	(27,352)
Impairment reversal	-	-	-	-	(3,012)	-	(3,012)
Balance at 31 December 2019	20,069	7,083	28,534	4,009	658,696	-	718,391
Charge for the year	1,188	1,813	9,007	507	137,688	-	150,203
Disposal	(5)	(665)	(11,014)	(1,891)	(305,637)	-	(319,212)
Impairment	-	-	-	-	-	865	865
Balance at 31 December 2020	21,252	8,231	26,527	2,625	490,747	865	550,247
Carrying amount							
At 31 December 2020	13,315	15,855	21,132	1,347	583,015	51,493	686,157
At 31 December 2019	11,575	14,758	16,397	1,953	543,555	36,857	625,095

*The 2019 figures have been restated to reflect the changes in accounting policy. See Note 5.

Notes to the audited consolidated and separate financial statements

17. Property and equipment (continued)

17.1 Land and buildings

Included in land and building category is land of N5.57 billion not depreciated.

17.2 Reallocation

Reallocation relates to assets moved from capital work in progress to network infrastructure, other categories of property, plant and equipment and intangible assets.

17.3 Write-off

Write-off relate to fully depreciated assets and obsolete network infrastructure written off during the year.

17.4 Capital work-in-progress

These are various capital work-in-progress projects under way within the Group.

17.5 Impairment losses recognised in the year

Impairment relates to loss on obsolete network inventory and write off done during the year of N0.87 billion. (2019: impairment reversal of N3.01 billion).

17.6 Other movement

This relates to the reversal of prior year accruals no longer required.

17.7 Assets pledged as security

The Group has made a negative pledge over all existing and future assets to the lenders. The negative pledge signifies that the Group has agreed not to deplete its assets via sales, collateral and transfer to anyone except the group of lenders, subject to a permitted amount.

17.8 Capitalised borrowing costs

No borrowing costs were capitalised during the year (2019: Nil)

Notes to the audited consolidated and separate financial statements

18. Right of use assets

	Network infrastructure	Base station land	Property leases	Office equipment	Motor vehicles	Total
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Cost						
Opening balance (restated*)	481,484	5,787	997	398	-	488,666
Additions	35,874	2,326	5,339	-	64	43,603
Restatement*	(1,684)	(105)	(118)	-	(3)	(1,910)
Balance at 31 December 2019 (restated*)	515,674	8,008	6,218	398	61	530,359
Additions	42,705	6,287	292	-	9,271	58,555
Reallocations	213	-	-	-	-	213
Modifications**	132,745	-	-	-	-	132,745
Retirement***	-	(289)	-	-	-	(289)
Balance at 31 December 2020	691,337	14,006	6,510	398	9,332	721,583
Depreciation						
Depreciation (restated*)	50,184	2,359	1,316	129	14	54,002
Balance at 31 December 2019 (restated*)	50,184	2,359	1,316	129	14	54,002
Depreciation	65,849	3,994	1,715	136	431	72,125
Retirement***	-	(289)	-	-	-	(289)
Balance at 31 December 2020	116,033	6,064	3,031	265	445	125,838
Carrying amounts						
At 31 December 2019 (restated*)	**465,490**	**5,649**	**4,902**	**269**	**47**	**476,357**
At 31 December 2020	**575,304**	**7,942**	**3,479**	**133**	**8,887**	**595,745**

*These figures have been restated, see Note 5.

**Modification relates to the impact of change in the Network infrastructure lease contracts exchange rates from the Central Bank of Nigeria (CBN) rate to the Nigerian Autonomous Foreign Exchange (NAFEX) rate following the lease contract amendment in July 2020 effective 1 April 2020.

***Retirement refers to leases of BTS land leases fully utilized and the lease terms expired during the year.

Reallocation refers to assets moved from property and equipment to right of use assets

Notes to the audited consolidated and separate financial statements

19. Intangible assets

Group

	Goodwill	Software	Licences	Capital work-in-progress	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
Cost					
Balance at 1 January 2019	10,016	51,353	178,187	-	239,556
Additions	-	11,354	6,237	9,065	26,656
Reallocation	-	9,471	-	(3,868)	5,603
Disposal	-	(9,475)	-	-	(9,475)
Other movement	-	(652)	-	-	(652)
Balance at 31 December 2019	10,016	62,051	184,424	5,197	261,688
Addition	-	12,199	734	11,717	24,650
Reallocation	-	10,549	-	(8,366)	2,183
Disposal	-	(20,730)	-	-	(20,730)
Balance at 31 December 2020	10,016	64,069	185,158	8,548	259,243
Accumulated amortisation					
Balance at 1 January 2019	-	26,556	93,632	-	120,188
Charge for the year	-	14,305	15,692	-	29,997
Disposal	-	(9,443)	-	-	(9,443)
Balance at 31 December 2019	-	31,418	109,324	-	140,742
Charge for the year	-	20,588	16,111	-	36,699
Disposal	-	(20,730)	-	-	(20,730)
Balance at 31 December 2020	-	31,276	125,435	-	156,711
Carrying amount					
At 31 December 2020	10,016	32,793	59,723	8,548	111,080
At 31 December 2019	10,016	30,633	75,100	5,197	120,946

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

19. Intangible assets (continued)

Company

	Software	Licences	Capital work-in-progress	Total
	N 'million	N 'million	N 'million	N 'million
Cost				
Balance at 1 January 2019	51,353	129,431	-	180,784
Additions	11,354	6,237	9,064	26,655
Disposal	(9,340)	-	-	(9,340)
Reallocation	9,471	-	(3,867)	5,604
Other movement	(652)	-	-	(652)
Balance at 31 December 2019	62,186	135,668	5,197	203,051
Addition	12,198	735	11,717	24,650
Reallocation	10,550	-	(8,366)	2,184
Disposal	(20,462)	-	-	(20,462)
Balance at 31 December 2020	64,472	136,403	8,548	209,423
Accumulated amortisation				
Balance at 1 January 2019	26,556	77,120	-	103,676
Charge for the year	14,305	10,338	-	24,643
Disposal	(9,340)	-	-	(9,340)
Balance at 31 December 2019	31,521	87,458	-	118,979
Charge for the year	20,588	10,793	-	31,381
Disposal	(20,462)	-	-	(20,462)
Balance at 31 December 2020	31,647	98,251	-	129,898
Carrying amount				
At 31 December 2020	32,825	38,152	8,548	79,525
At 31 December 2019	30,665	48,210	5,197	84,072

19.1 Licences and software

The licences and software are not internally generated intangible assets and have a definite useful life.

19.2 Reallocation

Reallocation relates to assets moved from capital work in progress to network infrastructure, other categories of property, plant and equipment and intangible assets.

19.3 Write-offs

Write-offs relate to fully depreciated assets written off during the year.

19.4 Other movement

Other movement relates to reversal of prior year accruals no longer required

19.5 Goodwill

Goodwill relates to the acquisition of Visafone Communications Limited.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

19. Intangible assets (continued)

19.6 Goodwill impairment assessment

Goodwill arising on the acquisition of Visafone was tested for impairment in accordance with IAS 36. For this purpose, goodwill was allocated to the MTN Nigeria Cash Generating Unit (CGU) following the transfer of the 800MHz spectrum to MTN Nigeria by the Nigerian Communications Commission. The recoverable amount of the CGU has been determined based on value-in-use calculations.

The calculations mainly used cash flow projections based on financial budgets approved by Management covering a three year period. Management is confident that the projections are appropriate based on the Group's operating model. From the assessment carried out, the carrying amount of the CGU is lower than the recoverable amount, hence no impairment was recorded in the financial statements.

The following key assumptions were used for the value in use calculations:

Revenue growth	16.8%
Budgeted gross margin	82.5%
Opex % revenue	31.5%
Capex % revenue	10.7%
Discount rate	17.9%

Management determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Revenue	The budget is built adopting assumptions that align with the strategic objectives of the business within the period the budget covers.
Budgeted gross margin	Based on anticipated strategic margin expectations that have adopted efficiencies planned.
Operating expenditure	Budget adopts core costs required to support revenue generation plans, strategic expansions in consideration, and savings initiative identified by the business.
Annual capital expenditure	These are estimated capital expenditure costs that will be required to keep the MTN CGU running based on the historical experience of Management
Discount rate	The discount rate used is the MTN Nigeria's pre-tax Weighted Average Cost of Capital (WACC). This rate reflect both time value of money and other specific risks relating to relevant CGU.

The sensitivity analysis been performed is based on change in the discount rate, variations to cash flows arising from revenue, operating expenditure (as seen below) considered possible by management:

CGU input factors	From	To
Discount rate	17.9%	19.7%
Revenue growth	16.8%	15.1%
Opex % revenue	31.5%	34.7%

The analysis shows that no impairment loss would result under the scenario above.

Notes to the audited consolidated and separate financial statements

19. Intangible assets (continued)

19.7 Details of Network Licences

Network Licences Type	Date Granted /Renewed	Term (Years)	Renewable Term	Licence Fee Currency	Initiation Fee	Annual Licence Fees	Future Fees\ Obligations
Digital Mobile Licence (DML) - 900MHz & 1800MHz	31 August 2016	5	The NCC has decided to discontinue the issuance of the DML as the services provided there under have been subsumed under the UASL. The tenure of the 900MHz and 1800MHz spectrum issued with the DML has been extended to 31 August 2021 to align and expire with our UASL. The sum of N18,6 million. was paid on 10 December 2015 for the 5 year extension.	NGN	18.6 billion	Annual operating levy - 2.5% of net revenue	None
3G Spectrum Licence (Receive Frequency 1920 - 1930 MHz) (Transmit Frequency 2110 - 2120 MHz)	1 May 2007	15	As may be determined by NCC	US$	150 million	Annual operating levy - 2.5% of net revenue	None
Universal Access Service Licence (Including International Gateway)	1 September 2006	15	5 years	NGN	114.6 million	Annual operating levy - 2.5% of net revenue	None
International Submarine Cable Infrastructure and Landing Station (WACS)	1 January 2010	20	20 years	US$	220.5 million	Annual operating levy - 2.5% of net revenue	None

Notes to the audited consolidated and separate financial statements

19. Intangible assets (continued)

Network Licences Type	**Date Granted /Renewed**	**Term (Years)**	**Renewable Term**	**Licence Fee Currency**	**Initiation Fee**	**Annual Licence Fees**	**Future Fees\ Obligations**
700 MHz spectrum License	16 January 2018 (effective date for the spectrum has been suspended by the NCC till all encumbrances have been cleared)	TBC	TBC	USD but paid in Naira at the prevailing interbank rate	$171 Million USD (N34,114,500 ,000.00)	None	None
Spectrums 800MHz (Visafone)	1 January 2015	10	Renewal fees will be based on the frequency fees and Pricing Regulation in force at the time of renewal	NGN	2.87 billion	None	None
Spectrums 2.6GHz	01 August 2016 (effective date suspended by the NCC until band is cleared of all encumbrances)	10	Renewable after expiration of 10 years.	NGN	18.9 billion	None	None
Super Agent Licence - Central Bank of Nigeria	17 July 2019	1 year	1 year	NGN	N 500,000 with a capital adequacy deposit of N50 million	None	None

*The 2019 figures have been restated to reflect the changes in accounting policy. See Note 5.

Notes to the audited consolidated and separate financial statements

20. Investments in subsidiaries

The following table lists the entities which are controlled by the Group.

Company

Name of company	% Holding 2020	% Holding 2019	Carrying amount 2020 N 'million	Carrying amount 2019 N 'million
Visafone Communications Limited	100 %	100 %	43,778	43,778
XS Broadband Limited	100 %	100 %	500	500
Yello Digital Financial Services Limited	100 %	100 %	5,550	1,800
			49,828	46,078
Impairment of investment in subsidiaries (XS Broadband)			(500)	(500)
			49,328	45,578

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. All the subsidiaries have the same year-end as the parent company.

There was an increase in the investment in Yellow Digital Financial Services. During the year, the subsidiary had an additional capital injection of N3.75 billion to fund business operations.

The investment in XS Broadband Limited was impaired in previous years to reflect the recoverable amount of MTN's investment in subsidiary in line with IAS 36 - Impairment of Assets.

Significant restrictions

There are no significant regulatory restrictions to movement of capital from the subsidiaries.

Notes to the audited consolidated and separate financial statements

	Group		Company	
	2020	2019 restated*	2020	2019 restated*
	N 'million	N 'million	N 'million	N 'million
21. Derivatives				
Currency swap	(194)	(265)	(194)	(265)
Split between non-current and current portions				
Non-current liabilities	-	(265)	-	(265)
Current liabilities	(194)	-	(194)	-
	(194)	**(265)**	**(194)**	**(265)**

All gains and losses from changes in the fair value of derivatives are recognised immediately in the profit or loss statement as finance income or cost.

The Group uses derivative financial instruments such as currency swap to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

22. Inventories				
Handsets and accessories	1,245	658	1,245	658
Starter packs	3,582	436	3,582	436
	4,827	1,094	4,827	1,094
Inventories (write-downs) (Note 22.1)	(2,669)	(185)	(2,669)	(185)
	2,158	**909**	**2,158**	**909**
22.1 Reconciliation of inventory write-down				
At beginning of year	(185)	(1,534)	(185)	(1,534)
(Increase)/decrease in inventory write-down	(2,484)	1,159	(2,484)	1,159
Write off	-	190	-	190
At end of year	**(2,669)**	**(185)**	**(2,669)**	**(185)**

During the year, there was an inventory write down of N2.48 billion (2019: reversal of N1.16 billion) for starter pack, handsets and accessories carried at net realisable value. This is recognised in the costs of starter packs, handsets and accessories in statement of profit or loss.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

	Group		Company	
	2020	2019 restated*	2020	2019 restated*
	N 'million	N 'million	N 'million	N 'million

23. Trade and other receivables

Financial instruments:				
Trade receivables	34,213	30,813	33,119	29,663
Trade receivables - related parties	13,469	12,490	16,457	14,385
Allowance for expected credit losses	(10,941)	(6,273)	(10,523)	(5,855)
Trade receivables at amortised cost	36,741	37,030	39,053	38,193
Other receivables	3,273	3,987	3,317	4,031
	40,014	41,017	42,370	42,224
Non-financial instruments:				
Sundry receivables and advances	216	217	216	217
Other non-financial receivables***	5,918	6,434	5,908	6,424
Prepayments**	18,524	17,301	18,522	17,299
Less: non current prepayments	(13,906)	(12,145)	(13,906)	(12,145)
	10,752	11,807	10,740	11,795
Total trade and other receivables - current	**50,766**	**52,824**	**53,110**	**54,019**

**Other non-financial receivables includes the placement of minimum capital with Central Bank of Nigeria (CBN) for Payment Service Bank license and withholding tax receivables.

***Prepayments relate to rent payments for non-lease portion of BTS sites and payments made in advance for insurance contracts.

The Group's exposure to currency risk and credit risk and impairment losses related to trade and other receivables are disclosed in note 45.6.2 and 45.4 respectively.

The carrying value of trade and other receivables materially approximates the fair value because of the short period to maturity.

23.1 Reconciliation of allowance for expected credit losses

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

Opening balance	**(6,273)**	**(15,339)**	**(5,855)**	**(14,762)**
Increase in loss allowance recognised in profit or loss	(4,668)	(301)	(4,668)	(460)
Receivables written off during the year as uncollectible	-	9,367	-	9,367
Closing balance	**(10,941)**	**(6,273)**	**(10,523)**	**(5,855)**

Impairment loss of N4.67 billion (2019: N0.30 billion) for Group and N4.67 billion (2019 : N0.46 billion) for Company was recognised in the statement of profit or loss.

Notes to the audited consolidated and separate financial statements

	Group		Company	
	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
24. Investments				
Other investments				
Treasury bonds at amortised cost	26,070	-	26,070	-
Allowance for expected credit losses	(223)	-	(223)	-
	25,847	**-**	**25,847**	**-**
Current investments				
US Dollar deposits at amortised cost	19,015	11,853	19,015	11,853
NGN deposits at amortised cost	93,026	-	93,026	-
Treasury bills at amortised cost	9,831	33,204	9,831	33,204
Allowance for expected credit losses	(69)	-	(69)	-
Net current investments at amortised cost	121,803	45,057	121,803	45,057
Treasury bills and bonds at fair value through profit or loss	24,980	3,634	24,980	3,634
Treasury bills and bonds at fair value through other comprehensive income	-	6,136	-	6,136
	146,783	**54,827**	**146,783**	**54,827**

24.1 Debt instruments measured at fair value through other comprehensive income

	Notes	N 'million
As at 1 January 2019		434
Additions/purchases		9,548
Sales		(4,121)
Gains from changes in fair value recognised in other comprehensive income	27.1	275
As at 1 January 2020	24	6,136
Additions/purchases		3,250
Sales		(9,104)
Transfer of fair value reserve of investments designated at FVOCI	27.1	(282)
As at 31 December 2020	**24**	**-**

25. Restricted cash

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Restricted cash deposits	47,913	38,050	47,913	38,000

Restricted cash represents deposits with banks to secure Letters of Credit, collateral against repayment on borrowings and bank guarantee on Garnishees against court judgments. Also included in restricted cash is the retention fee on purchase of Visafone Communications Limited.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

	Group		Company	
	2020	2019 restated*	2020	2019 restated*
	N 'million	N 'million	N 'million	N 'million

26. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	244,893	40,478	240,736	38,501
Short-term deposits	30,932	75,800	30,932	75,800
Cash and cash equivalents	275,825	116,278	271,668	114,301
Allowance for expected credit losses	(627)	-	(627)	-
Net cash and cash equivalents	**275,198**	**116,278**	**271,041**	**114,301**

Included in the cash and cash equivalents, is a sum of N136.4 million returned by the registrar to the Company in compliance with the Security and Exchange Commission (SEC) amended rules and regulations on return of unclaimed dividends to paying companies.

27. Share capital

Authorised

27,850,000,000 ordinary shares of N0.02 each	557	557	557	557
	557	**557**	**557**	**557**

At an Extraordinary General Meeting of the Company on 31 January 2019, an ordinary resolution was passed to sub-divide the ordinary shares of the Company from One Naira (N1.00) each to 2 kobo each. This became effective with the listing of the Company's shares by introduction on the Nigerian Stock Exchange (NSE). The sub-division led to the increase of the nominal value of the ordinary shares from 557,000,000 to 27,850,000,000 shares.

Issued and fully paid

20,354,513,050 ordinary shares of N0.02 each	407	407	407	407
	407	**407**	**407**	**407**

At a General Meeting of the holders of ordinary shares on 31 January 2019, a special resolution was passed to delink the ordinary shares of the Company from the preference shares. This became effective with the listing of the Company's shares by introduction on the NSE. Following the delinking of the ordinary shares from the preference shares, the 4,500,000 Class B ordinary shares have been renamed ordinary shares by way of a special resolution passed by the Board of Directors. Upon the listing on the NSE, on 24 May 2019, the Board approved the redemption of the preference shares as required in the Group's Memorandum and Articles of Association. The premium and par value of the preference shares of 402,590,263 were reclassified from share capital (see table below) and share premium (see Note 28) to a redemption account. $399.59 million (N148.19 billion redeemable preference shares were redeemed on 30 December 2019.

In line with the Companies and Allied Matters Act, 2020 (CAMA), a sum equal to the nominal amount of the par value of the redeemable preference shares N239.4 million was reclassified out of share capital to a Capital Redemption Reserve Fund (CRRF). (See Note 27.1)

Movement

As at 1 January	407	646	407	646
Redemption of preference shares	-	(239)	-	(239)
As at 31 December	**407**	**407**	**407**	**407**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

	Group		Company	
	2020	2019 restated*	2020	2019 restated*
	N 'million	N 'million	N 'million	N 'million

27. Share capital (continued)

27.1. Other reserves

Opening reserves	521	6	521	6
Other comprehensive income (Note 24.1)	-	276	-	276
Transfer of fair value reserve of investments designated at FVOCI (Note 24.1)	(282)	-	(282)	-
Capital Redemption Reserve Fund (CRRF)	-	239	-	239
Closing reserves	**239**	**521**	**239**	**521**

Other comprehensive income relates to interest income earned on Federal Government of Nigeria securities that are exempted from tax under the Companies Income Tax Act.

Capital Redemption Reserve Fund (CRRF) relates to the nominal amount transferred from retained earnings in line with the requirement of S.182(4) of Companies and Allied Matters Act, 2020 (CAMA) on redemption of 402,590,263 redeemable preference shares.

27.2 Dividend declared and paid

	2020	2019
	N 'million	N 'million
Final dividend for 2019 N4.97 kobo per share (2018: N3.59 kobo per share)	101,162	73,000
Interim dividend for 2020: 3.50 kobo per share (2019: 2.95 kobo per share)	71,241	60,046
	172,403	**133,046**

28. Share premium

4,500,000 ordinary shares of N 3,779.89 each	17,009	17,009	17,009	17,009
138,960 ordinary shares at N 1,488.15 each	207	207	207	207
	17,216	**17,216**	**17,216**	**17,216**
Movement				
As at 1 January	17,216	64,498	17,216	64,498
Redemption of preference shares	-	(47,282)	-	(47,282)
As at 31 December	**17,216**	**17,216**	**17,216**	**17,216**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

29. Borrowings

Unsecured	Group	Company	Denominated currency	Description of borrowing	Type of interest charged	Effective interest	Remaining repayment details
S/N	31 December 2020 N 'million	31 December 2020 N 'million				%	
1	181,050	181,050	NGN	Local Syndicated Facility (M)	Floating	3.51	10 semi-annual equal installments
2	199,312	199,312	NGN	New Local Syndicated Facility (N)	Floating	3.51	11 semi-annual equal installments
3	79,215	79,215	NGN	Commercial Paper	Fixed	5.70	1 bullet repayment
4	19,831	19,831	NGN	Letter of credit transaction established on credit line	Floating	1.43	Quarterly equal installments
5	9,353	9,353	US$	KFW/Citibank (Buyer's Credit) Facility (H)	Floating	1.43	3 semi-annual equal installments
6	4,544	4,544	US$	Credit Suisse (Buyer Credit) Bilateral Facility (J)	Floating	5.76	3 semi-annual equal installments
7	8,420	8,420	US$	Credit Suisse (Buyer Credit Facility) Syndicated Facility (J1)	Floating	5.76	3 semi-annual equal installments
8	19,425	19,425	US$	AFC/RMB Syndicated Facility (O)	Floating	5.76	5 semi-annual equal installments
Total unsecured borrowings	**521,150**	**521,150**					

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

29. Borrowings (continued)

Unsecured	Group	Company	Denominated currency	Description of borrowing	Type of interest charged	Effective interest	Remaining repayment details
S/N	31 December 2019 N 'million	31 December 2019 N 'million				%	
1	199,187	199,187	NGN	Local Syndicated Facility (M)	Floating	14.85	11 semi-annual equal installments
2	179,436	179,436	NGN	New Local Syndicated Facility (N)	Floating	14.85	11 semi-annual equal installments
3	14,374	14,374	US$	KFW/Citibank (Buyer's Credit) Facility	Floating	3.19	5 semi-annual equal installments
4	6,726	6,726	US$	Credit Suisse (Buyer Credit) Bilateral Facility	Floating	7.58	5 semi-annual equal installments
5	12,819	12,819	US$	Credit Suisse (Buyer Credit Facility) Syndicated Facility	Floating	7.42	5 semi-annual equal installments
Total unsecured borrowings	**412,542**	**412,542**					

Notes to the audited consolidated and separate financial statements

29. Borrowings (continued)

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
The maturity of the loan is as follows:				
Payable within one year (included in current liabilities)	190,599	32,453	190,599	32,453
More than one but not exceeding two years	87,381	82,211	87,381	82,211
More than two but not exceeding five years	225,049	212,667	225,049	212,667
More than five years	18,121	85,211	18,121	85,211
Amounts included in non-current liabilities	**330,551**	**380,089**	**330,551**	**380,089**
Total borrowings	**521,150**	**412,542**	**521,150**	**412,542**
The Company has the following undrawn facilities:				
Floating rate	-	20,000	-	20,000
The carrying amounts of the Company's borrowings are denominated in the following currencies:				
US Dollar	41,742	33,919	41,742	33,919
Nigerian Naira	479,408	378,623	479,408	378,623
	521,150	**412,542**	**521,150**	**412,542**

29.1 Borrowings reconciliation

Balance at 1 January	412,542	175,314	412,542	175,314
Drawdown	143,682	381,701	143,682	381,701
Repayment	(41,748)	(146,124)	(41,748)	(146,124)
Prepaid borrowing cost	354	1,693	354	1,693
Accrued interest	2,569	406	2,569	406
Revaluation loss	3,751	(448)	3,751	(448)
Balance at 31 December	**521,150**	**412,542**	**521,150**	**412,542**

29.2 Summary of borrowing arrangements

MTN Nigeria has a loan portfolio with a consortium of local banks, foreign banks and export development agencies. The details of the facilities are as follows:

Local Facility M - This is a local facility of N200 billion syndicated from local banks in August 2018. It is a variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%. The total available amount under the loan has been fully drawn. The loan is repayable in eleven (11) equal semi-annual installments from August 2020 to August 2025.

As at 31 December 2020, the outstanding principal balance on the facility is N181.8 billion (31 December 2019: N199.19 billion).

Local Facility N - This is a N200 billion local currency term loan syndicated from local banks in May 2019 with a 7-year tenor and moratorium of two years. It is a variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%. The loan is repayable in eleven (11) equal semi-annual installments from May 2021 to May 2026.

As at 31 December 2020, a total amount of N200 billion has been drawn under the facility (31 December 2019: N180 billion).

Notes to the audited consolidated and separate financial statements

29. Borrowings (continued)

Commercial Paper – Under the N100 billion Commercial paper Issuance Programme, Two series were issued on 8 June 2020 comprising of;

Series I: With a Face value of N20bn for 182 days at discount rate of 4.78%.
Series II: With a face value of N80bn for 270 days at discount rate of 5.70%

Series I was fully repaid during the year, as at 31 December 2020 the outstanding balance on the Commercial paper is N76.6 billion (31 December 2019: Nil)

Foreign Facility H – The US$329m Export Credit Agency Backed Facility from KFW-IPEX Bank and Citibank was arranged in 2017. The facility is in three trenches (H1, H2 and H3) of USD103 million, USD106 million and USD120 million, respectively:

A total drawdown of USD87.6 million has been made on H1 as at 31 December 2020. The availability periods for drawing on both H2 and H3 has expired and the amount on both tranches were undrawn. Facility H1 has 10 equal semi-annual principal repayments which commenced September 2017. It is a floating interest loan linked to the 6-Month LIBOR plus a 1.15% margin.

The outstanding balance as at 31 December 2020 is US$25.6 million (31 December 2019: US$42.7 million).

Foreign Facility J – This contains Facilities J and J1 in the sum of US$30 million and US$84 million respectively. Facility J is a Buyer's Credit Facility from Credit Suisse AG. London Branch while J1 is Buyers Credit Facility from Credit Suisse AG, London Branch and China Export-Import Bank. Both J and J1 are floating interest rate Facilities at LIBOR plus a margin of 5.5%. Full drawdown has been made on J while a total of US$57.32 million has been drawn on J1. The two Facilities are repayable in eight equal installments commencing in August 2018. The availability periods for drawing on the unutilised portion of J1 has expired.

As at 31 December 2020, both J and J1 have a combined outstanding balance of US$32.7 million (31 December 2019 US$54.6 million).

New Foreign facility O - The US$95m Syndicated Facility from AFC and RMB was arranged in 2020, with one-year moratorium. The facility is in two trenches (O1 and O2) of US$50 million and US$45 million, respectively:

A total drawdown of US$50 million has been made against Facility O1 as at 31 December 2020. Facility O1 has 5 equal semi-annual principal which will commence December 2021. It is a floating interest loan linked to the 6Month LIBOR plus a 5.5% margin.

In securing the facilities, MTN Nigeria has made a negative pledge over all existing and future assets to the lenders. The negative pledge signifies that MTN Nigeria has agreed not to deplete its assets via sales, collateral and transfer to anyone except the group of lenders, subject to a permitted amount. No other security has been provided.

Notes to the audited consolidated and separate financial statements

30. Trade and other payables

	Group		Company	
	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Financial instruments:				
Trade payables	67,384	27,467	65,624	27,298
Trade payables - related parties	27,474	16,383	27,811	16,383
Other accrued expenses	170,227	64,023	168,957	63,469
Other payables**	607	434	607	429
	265,692	108,307	262,999	107,579
Non-financial instruments				
Other non-financial accrued expenses***	15,702	68,937	15,676	68,883
Sundry payables	1,250	1,092	1,191	1,092
Other non-financial payables****	21,333	12,108	21,316	12,092
	38,285	82,137	38,183	82,067
	303,977	**190,444**	**301,182**	**189,646**

**Other payables include unclaimed dividend returned and retention fee on purchase of Visafone.

***Other non-financial accrued expenses include accrued staff expenses and other regulatory fees.

****Other non-financial payables include withholding and value added tax liabilities.

31. Contract acquisition costs

Opening balance	4,852	3,766	4,852	3,766
Additions	8,570	3,762	8,570	3,762
Amortised in the year	(5,432)	(2,676)	(5,432)	(2,676)
Net book value	**7,990**	**4,852**	**7,990**	**4,852**

Contract acquisition costs are incremental costs of obtaining a contract with a customer that would not have incurred if the contract had not been obtained. They include the incremental commission fees paid to trade partners for activating sim kits.

These costs are amortised on a straight line basis over the estimated subscriber tenure on the network. The amortisation period ranges from 18 months to 48 months. Contract acquisition costs amortised during the year is included in discounts and commissions in profit or loss.

32. Contract liabilities

Contract liabilities	62,301	46,806	61,919	46,745
	62,301	**46,806**	**61,919**	**46,745**

Contract liability relates to payments received in advance from sales of recharge cards and on Subscriber Identification Module (SIM) cards. Contract liabilities are recognised as revenue when the subscribers use the airtime for network services such as voice, SMS, data and digital services and when the SIM cards are activated on the network.

Revenue recognized from contract liability at the beginning of the period is N34.2 billion (2019 N33.9 billion). The Group has elected the practical expedient of not disclosing the transaction price of unsatisfied performance obligations because the performance obligations relate to contracts that have an original expected duration of one year or less.

Notes to the audited consolidated and separate financial statements

33. Provisions

Reconciliation of provisions - 2020

	At beginning of year	Additions	Utilised during the year	Reversed during the year	At end of year
	N 'million	N 'million	N 'million	N 'million	N 'million
Decommissioning provision	71	44	-	(77)	38
Litigation provision	16,438	4,647	(6,949)	(2,156)	11,980
Bonus provision	4,211	6,466	(5,098)	-	5,579
Other provisions	5,041	7,723	(1,142)	(4,448)	7,174
	25,761	**18,880**	**(13,189)**	**(6,681)**	**24,771**

Reconciliation of provisions - 2019

	At beginning of year	Additions	Utilised during the year	Reversed during the year	At end of year
	N 'million	N 'million	N 'million	N 'million	N 'million
Decommissioning provision	66	5	-	-	71
Litigation provision	7,177	11,226	(1,564)	(401)	16,438
Bonus provision	3,425	5,953	(4,767)	(400)	4,211
Other provisions	9,220	3,237	(1,399)	(6,017)	5,041
	19,888	**20,421**	**(7,730)**	**(6,818)**	**25,761**

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Non-current liabilities	38	71	38	71
Current liabilities	24,733	25,690	24,733	25,690
	24,771	**25,761**	**24,771**	**25,761**

33.1 Bonus provision

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall Group performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the Holding Company annual results have been announced. Bonus provision is calculated as a percentage of employee's gross annual income plus pension contribution based on the overall performance of the Group, the teams, divisions and the employees.

33.2 Decommissioning provision

The decommissioning provision is the present value of dismantling costs discounted at a rate equal to the average rate that reflects current market assessment of the time value of money and the risks specific to the dismantling cost. The timing of the decommissioning is dependent on the expiration of the contract with the lessor.

33.3 Litigation provision

This relates to cases between MTN Nigeria and various bodies such as: Abia State vs MTN Nigeria, Corporate Communications Ltd vs MTN Nigeria, C-SOKA Nigeria Limited vs MTN Nigeria, Premium Sports vs MTN Nigeria & Media Reach, arbitration between CALL FIX IT and MTN Nigeria, Pastor Friday Essien & ors v MTNN, Beruk International & ANOR V MTNN, Adekunle Adebiyi, Richard Iweanoge & Access bank Plc, Benue State Internal Revenue Services v MTNN, MTN V Anambra State Internal Revenue Service etc. Timing is dependent on the outcome of court judgments in respect of the litigation.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

33. Provisions (continued)

33.4 Other provisions

The Group is involved in various regulatory and tax matters. These matters may not necessarily be resolved in a manner that is favourable to the group. The group has therefore recognized provisions in respect of these matters based on estimates and probability of an outflow of economic benefits. MTN Nigeria Listing expenses and other strategic advisory services are payable to various consultants and legal advisers.

34 Lease liabilities

The Group's leases include network infrastructure (including tower space and land), land and buildings, motor vehicles and office equipment. The leases have varying terms, escalation clauses and renewal rights. Penalties are chargeable on certain leases should they be cancelled before the end of the agreement.

The lease liability is measured at the present value of lease payments to be made over the lease term and are discounted using the Group's incremental borrowing rate. The lease liability is included in the statement of financial position under other non-current/current liabilities. Each lease payment is allocated between the liability and interest expense. Interest expense on the lease liability is a component of finance costs, which represents the unwinding of discount charged to profit or loss over the remaining balance of the obligation for each accounting period.

Lease commitments exclude non-lease components, short-term and low-value leases. There were no future cash outflows to which MTN Nigeria is potentially exposed that are not reflected in the measurement of lease liabilities.

Short-term lease payments of N884 million (2019: N835.4 million) not included in the lease liabilities are included in other operating expenses during the year. In all significant operating lease arrangements in place during the year, the Group acted as the lessee.

As at year end, the Group had outstanding obligations under lease commitments which fall due as follows:

	Group		Company	
	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Movement schedule				
As at 1 January opening balance adjustments (restated*)	492,073	481,881	492,073	481,881
Additions	43,543	36,839	43,543	36,839
Modifications	132,745	-	132,745	-
Interest capitalised	78,544	64,902	78,544	64,902
Revaluation	(204)	(17)	(204)	(17)
Payments - principal portion	(26,676)	(33,265)	(26,676)	(33,265)
Payments - interest portion	(78,235)	(58,267)	(78,235)	(58,267)
As at year end	**641,790**	**492,073**	**641,790**	**492,073**
Lease liability by maturity				
- within one year	54,798	33,564	54,798	33,564
- after one year to two years	48,115	35,232	48,115	35,232
- after two years to five years	180,666	122,789	180,666	122,789
- later than five years	358,211	300,488	358,211	300,488
	641,790	**492,073**	**641,790**	**492,073**
Non-current	586,992	458,509	586,992	458,509
Current	54,798	33,564	54,798	33,564
	641,790	**492,073**	**641,790**	**492,073**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

35. Employment benefits

MTN Nigeria Communications Plc operates a Post employment benefits plans in non-contributory, long service award and staff retirement benefits. Employees are automatically beneficiaries of the Long service award after completing five consecutive years of service with the Company. Employees' retirement benefits are calculated based on number of years of continuous service, and upon attaining the compulsory retirement 60 years. The defined benefit obligation valuation was carried out using the tools developed by the Actuaries Services of Custodian Investment Plc, formerly Custodian and Allied Plc.

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Post employment benefit plans				
Present value of defined benefit obligation - retirement benefits	2,751	1,170	2,751	1,170
Present value of long service awards	5,510	408	5,510	408
	8,261	**1,578**	**8,261**	**1,578**

a) Movement in the present value of defined benefit obligation (retirement benefits)	**Group**	**Company**
	N 'million	N 'million
Present value of defined benefit obligation at 1 January 2019	820	820
Current service cost	500	500
Benefits paid by the plan	(150)	(150)
Actuarial losses/(gains) recognised in other comprehensive income	-	-
Present value of defined benefit obligation at 1 January 2020	1,170	1,170
Current service cost	1,581	1,581
Benefits paid by the plan	-	-
Actuarial losses/(gains) recognised in other comprehensive income	-	-
Present value of defined benefit obligation at 31 December 2020	**2,751**	**2,751**

b) Movement in the present value of the long service award		
Present value of long service award at 1 January 2019	717	717
Current service cost	231	231
Benefit paid by plan	(540)	(540)
Present value of long service award as 1 January 2020	408	408
Current service cost	5,481	5,481
Benefit paid by plan	(379)	(379)
Present value of long service award at 31 December 2020	**5,510**	**5,510**

c) Principal actuarial assumptions	31 December 2020	31 December 2019
Discount rate - retirement benefits	10.5 %	25.0 %
Discount rate - long service award	7.5 %	- %
Salary increase rate	8.0 %	8.0 %
Retirement age for both male and female	60 years	60 years

Assumptions regarding future mortality before retirement are based on A6770 mortality table published by the Institute of Actuaries of United Kingdom.

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on IPF and Promotion, and IFP is an average of 8% per annum. The inflation component has been worked out at 14.4% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

36. Deferred tax

Group

	At beginning of year	Recognised in income statement	Arising on consolidation	At end of year
	N 'million	N 'million	N 'million	N 'million
Non-current Liabilities				
31 December 2019				
Arising due to fair value adjustment on business combination	(9,056)	-	1,509	(7,547)
Temporary differences from non-current assets and liabilities	(100,210)	(12,830)	-	(113,040)
Total deferred tax liability	(109,266)	(12,830)	1,509	(120,587)
31 December 2020				
Arising due to fair value adjustment on business combination	(7,547)	-	3,110	(4,437)
Temporary differences from non-current assets and liabilities	(113,040)	4,347	-	(108,693)
Total deferred tax liability	(120,587)	4,347	3,110	(113,130)
Net deferred tax liability				
31 December 2019	(109,266)	(12,830)	1,509	(120,587)
31 December 2020	(120,587)	4,347	3,110	(113,130)

Movement in temporary differences in the year

2019	Opening balance	Charge to profit or loss	Closing balance
	N 'million	N 'million	N 'million
Property and equipment	122,010	11,360	133,370
Decommissioning provision	(2,926)	(12,903)	(15,829)
Right of use assets	(6,228)	6,228	-
Unrealised exchange difference	(12,664)	8,163	(4,501)
Arising due to fair value adjustments on business combination			
Visafone Communications Limited	9,056	(1,509)	7,547
Yello Digital Financial Services Limited	18	(18)	-
	109,266	**11,321**	**120,587**

2020	Opening balance	Charge to profit or loss	Closing balance
	N 'million	N 'million	N 'million
Property and equipment	133,370	15,109	148,479
Decommissioning provision	(15,829)	(3,052)	(18,881)
Right of use assets	-	(14,642)	(14,642)
Unrealised exchange difference	(4,501)	(1,762)	(6,263)
Arising due to fair value adjustments on business combination			
Visafone Communications Limited	7,547	(1,612)	5,935
Yello Digital Financial Services Limited	-	(1,498)	(1,498)
	120,587	**(7,457)**	**113,130**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

36. Deferred tax (continued)

Company

	At beginning of year	Recognised in income statement	Arising on consolidation	At end of year
	N 'million	N 'million	N 'million	N 'million
Non-current Liabilities				
31 December 2019				
Temporary differences from non-current assets and liabilities	(100,191)	(12,849)	-	(113,040)
Total deferred tax liability	(100,191)	(12,849)	-	(113,040)
31 December 2020				
Temporary differences from non-current assets and liabilities	(113,040)	4,347	-	(108,693)
Total deferred tax liability	(113,040)	4,347	-	(108,693)
Net deferred tax liability				
31 December 2019	(100,191)	(12,849)	-	(113,040)
31 December 2020	(113,040)	4,347	-	(108,693)

Movement in temporary differences in the year.

2019	Opening balance	Charge to profit or loss	Closing balance
	N 'million	N 'million	N 'million
Property and equipment	122,010	11,360	133,370
Decommissioning provision	(2,926)	(12,903)	(15,829)
Right of use assets	(6,228)	6,228	-
Unrealised exchange difference	(12,665)	8,164	(4,501)
	100,191	**12,849**	**113,040**
2020			
Property and equipment	133,370	15,109	148,479
Decommissioning provision	(15,829)	(3,052)	(18,881)
Right of use assets	-	(14,642)	(14,642)
Unrealised exchange difference	(4,501)	(1,762)	(6,263)
	113,040	**(4,347)**	**108,693**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

37. Capital commitments

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Commitments for the acquisition of property, plant and equipment				
Contracted but not provided for	212,889	53,340	212,889	53,340
Authorised but not contracted for	74,604	145,263	74,604	145,263
Total commitments for property, plant, equipment and software	**287,493**	**198,603**	**287,493**	**198,603**
Commitments for the acquisition of software*				
Contracted but not provided for	19,265	1,010	19,265	1,010
Authorised but not provided for	7,657	19,321	7,657	19,321
	26,922	**20,331**	**26,922**	**20,331**

*Capital commitments have been split into property, plant and equipment and software. The comparatives have been updated to reflect this split.

38. Current tax payable

	Group		Company	
	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Opening balance	65,625	54,132	65,325	53,668
Provisions for the year - company income tax	90,778	67,813	90,776	67,677
Provisions for the year - education tax	10,324	8,845	10,319	8,845
Provisions for the year - capital gains tax	15	15	15	15
Tax paid	(55,912)	(44,069)	(55,877)	(43,769)
Income tax on dividend	-	(18,014)	-	(18,014)
Withholding tax credit	(1,884)	(3,097)	(1,884)	(3,097)
Reclassification	(1,636)	-	(1,636)	-
Closing balance	**107,310**	**65,625**	**107,038**	**65,325**

*2019 figures have been restated, see Note 5.

**Reclassification relates to additional tax liability arising from FIRS Tax Audit for 2010 to 2015 financial years, which was initially provided for in the Companies Income Tax account. The FIRS carried out a tax audit exercise on the books of MTN for 2010 to 2015 financial years; the disputed liability arising from the audit was subsequently appealed at the Tax Appeal Tribunal (TAT). Successively, the TAT ,on its judgment TAT/LZ/CIT/001/2018 of 7 February 2020, adjudged (amongst others) that fixed asset swap is vatable based on the interpretation of the VAT Act, notwithstanding that there was no monetary consideration. Therefore, MTNN reclassified initial provision in the Companies Income Tax Account into the Value Added Tax Account and paid the liability as ordered by the Court of Law.

Notes to the audited consolidated and separate financial statements

		Group		Company	
		2020	2019 restated*	2020	2019 restated*
		N 'million	N 'million	N 'million	N 'million
39. Cash generated from operations					
	Note(s)				
Profit before taxation		298,874	291,277	309,245	295,868
Adjustments for:					
Finance costs	12	143,687	122,080	143,687	122,080
Interest income	11	(15,848)	(20,132)	(15,835)	(20,205)
Depreciation of property, plant and equipment	17	150,203	147,807	150,203	147,807
Depreciation of right of use assets	18	72,125	54,002	72,125	54,002
Amortisation of intangible assets	19	36,699	29,997	31,381	24,643
Amortisation of contract cost	31	5,432	2,676	5,432	2,676
Fixed assets written off		-	3,041	-	3,041
Loss/(profit) on disposals of property, plant and equipment	14	117	(960)	117	(960)
Impairment of /(reversal of impairment) of property and equipment	17	865	(3,000)	865	(3,012)
Allowance for credit losses on cash and cash equivalent, treasury bills and bonds	14	919	-	919	-
Credit loss expense on trade and other receivables	23	4,668	301	4,668	460
Impairment/(reversal) of trading inventory	22	2,484	(1,349)	2,484	(1,349)
Other movement in intangible assets		-	32	-	32
Post employment benefit plan cost	35	7,062	731	7,062	731
Provision expense	33	12,199	13,603	12,199	13,603
(Gain)/loss on fair valuation of derivative	12	(71)	251	(71)	251
Share based payment		1,528	90	1,528	90
Changes in working capital:					
(Increase)/decrease in inventories		(3,733)	1,978	(3,733)	1,978
Increase in trade and other receivables		(9,028)	(14,375)	(10,179)	(14,534)
Increase in prepayments		-	(4,001)	-	(4,001)
Increase/(decrease) in trade and other payables		109,430	(19,385)	107,431	(18,928)
Increase in contract liabilities		15,495	4,068	15,174	4,060
		833,107	**608,732**	**834,702**	**608,333**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

40. Other adjustments to statement of cash flows

40.1 Changes in liabilities arising from financing activities

Group and Company	Opening balance	Cash raised	Cash paid	Foreign exchange movement	Additions	Others	Lease modification/(restatement)	Total
2020	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Current interest bearing loans and borrowings (excluding items listed below)	32,453	111,642	(41,748)	3,566	-	84,686	-	190,599
Non-current interest bearing loans and borrowings (excluding items listed below)	380,089	32,039	-	(451)	-	(81,126)	-	330,551
Current lease liabilities	33,564	-	(26,676)	(205)	43,543	(128,173)	132,745	54,798
Non-current lease liabilities	458,509	-	-	-	-	128,483	-	586,992
	904,615	**143,681**	**(68,424)**	**2,910**	**43,543**	**3,870**	**132,745**	**1,162,940**
2019								
Current interest bearing loans and borrowings (excluding items listed below)	135,736	-	(144,124)	1,444	-	39,397	-	32,453
Non-current interest bearing loans and borrowings (excluding items listed below)	31,438	381,701	-	(1,748)	-	(31,302)	-	380,089
Current lease liabilities	26,836	-	(33,265)	(15)	38,474	3,070	(1,536)	33,564
Non-current lease liabilities	479,165	-	-	-	52	2,217	(22,925)	458,509
	673,175	**381,701**	**(177,389)**	**(319)**	**38,526**	**13,382**	**(24,461)**	**904,615**

Note: The additions of cash flows from current and non-current interest bearing loan and borrowing represent the net of proceeds from borrowing and repayment of borrowings on the statement of cash flow.

*The 2019 figures have been restated to reflect the changes in accounting policy. See Note 5.

Notes to the audited consolidated and separate financial statements

41. Contingent liabilities

Contingent liabilities represent possible obligations that arise from past event whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

The Group has N2.6 billion (2019: N16 billion) contingent liabilities arising from claims and litigations in the ordinary course of business and the Group is defending these actions. These matters are currently being considered by various courts and the timing of the judgments are unknown. In the opinion of the directors, which is based on advice from the legal counsels, no material loss is expected to arise from these claims and litigations.

42. Earnings and dividend per share

42.1 Basic earnings per share

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period. On the other hand, diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

	Group		Company	
	2020	2019 Restated*	2020	2019 Restated*
Profit attributable to equity holders (N 'million)	205,214	203,283	212,482	206,482
Weighted average numbers of ordinary shares (million)	20,355	20,355	20,355	20,355
Basic/diluted EPS (N)	10.08	9.99	10.44	10.14

42.2 Dividend per share

During the year ended 31 December 2020, N172.4billion (31 December 2019; N133.0billion) dividend was approved and paid as follows:

- 31 December 2019 final dividend: N101.2 billion
- 30 June 2020 interim dividend: N71.2 billion

On 28 July 2020, the Board of Directors approved interim dividends of N71.2 billion for the year ended 31 December 2020 (Interim 2019: N60 billion).

The interim dividend represents N3.50 kobo per ordinary share on the issued share capital of 20.3 billion ordinary shares of 2 kobo each for the period ended 30 June 2020.

The Board of Directors recommend the payment of a final dividend of N5.90 per ordinary share of 2 kobo each subject to shareholders' approval at the forthcoming Annual General Meeting (AGM). If the proposed final dividend is approved, the total dividend for the financial year ended 31 December 2020 will be N9.40 per share of 2 kobo each. Withholding tax would be deducted at the point of payment.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

43. Foreign exchange exposure

Included in the Group statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group:

Group and Company 31 December 2020	United States Dollar N 'million	British Pound Sterling N 'million	Euro N 'million	South African Rand N 'million	Total N 'million
Assets					
Current assets					
Trade and other receivables	11,276	-	-	-	11,276
Current investments	18,816	-	-	-	18,816
Restricted cash	609	-	-	-	609
Cash and cash equivalents	13,294	1	11	-	13,306
	43,995	1	11	-	44,007
Liabilities					
Current liabilities					
Trade and other payables	136,443	451	34	98	137,026
Borrowings	18,902	-	-	-	18,902
Lease liabilities	33,135	-	-	-	33,135
	188,480	451	34	98	189,063
Non-current liabilities					
Borrowings	22,840	-	-	-	22,840
Lease liabilities	405,138	-	-	-	405,138
	427,978	-	-	-	427,978
Total liabilities	**616,458**	**451**	**34**	**98**	**617,041**
31 December 2019					
Assets					
Current assets					
Trade and other receivables	7,095	-	-	-	7,095
Current investments	11,853	-	-	-	11,853
Restricted cash	19,013	-	-	-	19,013
Cash and cash equivalents	4,598	7	1	-	4,606
	42,559	7	1	-	42,567
Liabilities					
Current liabilities					
Trade and other payables	72,108	29	819	42	72,998
Borrowings	13,891	-	-	-	13,891
Lease liabilities	8,426	-	-	-	8,426
	94,425	29	819	42	95,315
Non-current liabilities					
Borrowings	20,028	-	-	-	20,028
Lease liabilities	155,604	-	-	-	155,604
	175,632	-	-	-	175,632
Total liabilities	**270,057**	**29**	**819**	**42**	**270,947**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

44. Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged.

Various transactions are entered into by the Group during the year with related parties. The terms of these transactions are at arm's length.

Holding and ultimate holding companies

The Company's holding company is MTN International (Mauritius) Limited, a company incorporated in the Republic of Mauritius and its ultimate holding company is MTN Group Limited, a company incorporated in South Africa. MTN Nigeria Communications Plc's subsidiaries are XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited. Their principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services respectively.

Key management personnel

For the purpose of defining related party transactions with key management personnel, key management is defined as Directors and the Group's Executive Committee (EXCOM) members having the authority and responsibility for planning, directing and controlling the activities of the Group. It also includes close members of their families and entities controlled or jointly controlled by these individuals.

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Executive directors and EXCOM members				
Salaries and other short-term employee benefits	1,932	1,842	1,932	1,842
Post-employment benefits	155	131	155	131
Other benefits	440	475	440	475
Bonuses	1,007	1,133	1,007	1,133
Share based payments	77	-	77	-
Non-executive directors				
Fees	79	70	79	70
Other emoluments	355	165	355	165
Total	**4,045**	**3,816**	**4,045**	**3,816**

Executive directors' and EXCOM members emoluments comprise:

- Salaries and other short-term employee benefits: This includes the gross salary package and other allowances paid on a monthly basis.
- Post-employment benefits: This includes the company's pension contribution paid monthly on behalf of executive directors and EXCOM members.
- Other benefits: These include lifestyle, medical and accommodation benefits. These are paid at periodic intervals during the year.
- Share based payment: This is equity compensation benefits for executive directors and EXCOM members in respect of the share appreciation rights.
- Bonus: This is a performance-based bonus, which is based on overall Group performance. Bonuses are payable annually in arrears.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

44. Related party transactions (continued)

Non-executive directors' emoluments comprise:

- Directors' emoluments: This includes sitting allowance for attending Board and Board Committee Meetings paid after each meeting. It also includes travel and accommodation related expenses.
- Directors fees: These are board and committee member appointment fees paid quarterly to non-executive directors.

The following is a summary of transactions between the Group and its related parties during the year and balances due at year end:

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Parent company: MTN International (Mauritius) Limited				
Dividends paid (excluding withholding tax):				
MTN International (Mauritius) Ltd	121,325	93,629	121,325	93,629
Redemption of preference shares	-	112,345	-	112,345
Subsidiaries				
Visafone Communications Limited				
Purchases	-	-	-	34
Cost charged for hosting its customers on the network	-	-	-	704
Net settlement of liabilities by the subsidiary	-	-	(516)	-
Amounts (due to)/due from related party	-	-	(337)	179
Yello Digital Financial Services Limited				
Net settlement of liabilities by the subsidiary	-	-	1,069	-
Amounts due from related party	-	-	2,171	1,103
XS Broadband Limited				
Net settlement of liabilities by the subsidiary	-	-	25	-
Amounts due from related party	-	-	638	613

Related parties under MTN Group

MTN Nigeria transacts with its sister companies under the MTN Group. These transactions are listed in the next page.

Notes to the audited consolidated and separate financial statements

44. Related party transactions (continued)

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Related party balances				
Amounts due to related parties				
MTN Sudan	111	76	111	76
MTN Uganda	2	2	2	2
MTN Zambia	7	5	7	5
MTN Dubai	565	362	565	362
Global Trading Company	491	371	491	371
MTN Management Services Co	1,517	1,064	1,517	1,064
MTN Benin	1,302	1,195	1,302	1,195
MTN Cameroon	282	628	282	628
MTN Congo	13	9	13	9
MTN Cote d'Ivoire	80	168	80	168
MTN Ghana	145	770	145	770
MTN Guinea Bissau	1	-	1	-
MTN Rwanda	1	2	1	2
MTN South Africa	14	589	14	589
Interserve Overseas Ltd	6,133	2,023	6,133	2,023
MTN Global Connect	2,482	613	2,482	613
MTN International (Mauritius) Limited	14,328	8,492	14,328	8,492
MTN Holdings	-	14	-	14
Total	27,474	16,383	27,474	16,383
Amounts due from related parties				
MTN Sudan	96	87	96	87
MTN Zambia	40	18	40	18
MTN Global Connect	9,376	6,292	9,376	6,292
Lonestar Communications Corporations (Liberia)	35	16	35	16
MTN Benin	37	274	37	274
MTN Cameroon	489	1,688	489	1,688
MTN Congo	39	19	39	19
MTN Cote d'Ivoire	80	340	80	340
MTN Ghana	-	719	-	719
MTN Guinea Bissau	27	9	27	9
MTN Guinea Conakry	17	14	17	14
MTN Namibia	-	-	-	-
MTN Rwanda	-	-	-	-
MTN South Africa	1	750	1	750
MTN Group Management Services	3,232	2,264	3,232	2,264
Total	13,469	12,490	13,469	12,490

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

44. Related party transactions (continued)

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Related party transactions				
Purchases from related parties				
MTN Sudan	27	4	27	4
MTN Uganda	20	4	20	4
MTN Zambia	7	1	7	1
MTN Dubai	3,453	2,388	3,453	2,388
MTN South Sudan	3	1	3	1
Global Trading Company	1,029	1,106	1,029	1,106
MTN Global Connect	1,731	17	1,731	17
Lonestar Communications Corporations (Liberia)	3	4	3	4
MTN Benin	1,758	48	1,758	48
MTN Cameroon	278	35	278	35
MTN Congo	4	1	4	1
MTN Cote d'Ivoire	72	10	72	10
MTN Cyprus	3	2	3	2
MTN Ghana	739	96	739	96
MTN Guinea Bissau	3	1	3	1
MTN Guinea Conakry	1	1	1	1
MTN Irancell	1	-	1	-
MTN Rwanda	9	5	9	5
Mobile Telephone Networks (Pty) Ltd	621	35	621	35
Sales to related parties				
MTN Sudan	1	35	1	35
MTN Uganda	1	13	1	13
MTN Zambia	13	17	13	17
MTN South Sudan	11	3	11	3
MTN Namibia	-	1	-	1
Lonestar Communications Corporations (Liberia)	2	3	2	3
MTN Benin	68	927	68	927
MTN Cameroon	24	519	24	519
MTN Congo	-	10	-	10
MTN Cote d'Ivoire	4	169	4	169
MTN Ghana	36	4,000	36	4,000
MTN Guinea Conakry	1	6	1	6
MTN Rwanda	1	1	1	1
Mobile Telephone Networks (Pty) Ltd	24	517	24	517
MTN Global Connect	14,328	6,292	14,328	6,292

The receivables from related parties arise mainly from professional, roaming and interconnect services transactions rendered on behalf of other operations within MTN Group. These are due one month after the date of rendering of service.

Trade payables to related parties arise mainly from professional fees, interconnect, roaming service transactions rendered on MTN Nigeria's behalf by other operations within the MTN Group and are due one month after the date of purchase.

No allowance for expected credit loss on receivables from related parties because MTN Nigeria is in a net payable position.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

44. Related party transactions (continued)

Summary of amounts due and from related parties:

		Group		Company	
	Notes	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Amount due to related parties					
Related parties		27,474	16,383	27,474	16,383
Subsidiaries		-	-	337	-
	30	27,474	16,383	27,811	16,383
Amounts due from related parties					
Related parties		13,469	12,490	13,469	12,490
Subsidiaries		-	-	2,988	1,895
	23	13,469	12,490	16,457	14,385

Other related party transactions

Group and Company	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Names of related entity	Dividends paid		Preference shares redeemed	
Hermitage Overseas Corporation**	-	4,747	-	5,940
NISPV Limited**	-	305	-	381
Celtelecom Investment Limited**	-	1,962	-	2,455
N-Cell Limited**	-	962	-	1,204
Universal Communications Limited**	-	1,180	-	1,476
SASPV Limited**	-	850	-	1,063
One Africa Investment Limited**	-	1,559	-	1,952
	Purchases from		Amounts due to	
Eventful Ltd	-	301	-	88
Aluko & Oyebode**	-	968	-	114
Ecart Internet Service Nigeria Ltd (Jumia)	196	491	-	215
Brawal Line Limited**	-	30	-	-
The Temple Management Co. Ltd**	-	14	-	1
Main One Cable Company Nigeria Limited	367	269	-	46
Total	**563**	**2,073**	**-**	**464**

**The entity relates to directors that retired in 2019.

Other related parties relate to entities that transact with MTN Nigeria and whose directors also serve on the Board of MTN Nigeria. Other related parties as at 31 December 2020 include:

Ecart Internet Service Nigeria Ltd (Jumia)

Jumia is an online store that delivers goods and renders logistic services to MTN Nigeria. Karl Toriola is a director in Jumia.

Eventful Ltd

Eventful Ltd provides event management services to MTN Nigeria. Omobola Johnson is related to the CEO of Eventful Ltd.

Main One Cable Nigeria Ltd

MTN Nigeria Communications PLC purchases capacity from Main One Cable Company. Karl Toriola is a minority shareholder in Main One Cable Company Nigeria Limited.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management

Introduction

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group classifies its financial instruments into the following categories depending on the purpose for which the financial instruments were acquired:

- Financial assets: Amortised cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVTPL);
- Financial liabilities: fair value through profit or loss and amortised cost.

Financial instruments comprise trade and other receivables, cash and cash equivalents, current investments, borrowings and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk profile

The Group's overall risk management programme focuses on the unpredictability of its markets and seeks to minimize potential adverse effects on the performance of the Group and its subsidiaries.

Risk management is carried out under policies approved by the Board of Directors of the Group. The Directors' identify, evaluate and manage the enterprise risks in line with the MTN Group Risk Management Framework. The Board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk and investing cash.

The carrying value of financial instruments materially approximate their fair values.

45.1 Accounting classes and fair values

Group

31 December 2020	Amortised costs N 'million	FVTPL N 'million	FVOCI N 'million	Total carrying amount N 'million
Non-current financial assets				
Other investments	25,847	-	-	25,847
	25,847	-	-	25,847
Current financial assets				
Trade and other receivables	40,014	-	-	40,014
Current investments	121,803	24,980	-	146,783
Cash and cash equivalents	275,198	-	-	275,198
Restricted cash	47,913	-	-	47,913
	484,928	24,980	-	509,908
	510,775	**24,980**	**-**	**535,755**
Non-current financial liabilities				
Borrowings	330,551	-	-	330,551
Lease liabilities	586,992	-	-	586,992
	917,543	-	-	917,543
Current financial liabilities				
Trade and other payables	265,692	-	-	265,692
Borrowings	190,599	-	-	190,599
Lease liabilities	54,798	-	-	54,798
Derivatives	-	194	-	194
	511,089	194	-	511,283
	1,428,632	**194**	**-**	**1,428,826**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

45. Financial instruments and risk management (continued)

31 December 2019	Amortised costs N 'million	FVTPL N 'million	FVOCI N 'million	Total carrying amount N 'million
Current financial assets				
Trade and other receivables	41,017	-	-	41,017
Current investments	45,057	3,634	6,136	54,827
Cash and cash equivalents	116,278	-	-	116,278
Restricted cash	38,050	-	-	38,050
	240,402	3,634	6,136	250,172
	240,402	3,634	6,136	250,172
Non-current financial liabilities				
Borrowings	380,089	-	-	380,089
Lease liabilities	458,509	-	-	458,509
Derivatives	-	265	-	265
	838,598	265	-	838,863
Current financial liabilities				
Trade and other payables	108,307	-	-	108,307
Borrowings	32,453	-	-	32,453
Lease liabilities	33,564	-	-	33,564
	174,324	-	-	174,324
	1,012,922	**265**	**-**	**1,013,187**
Company				
31 December 2020				
Non-current financial assets				
Other investments	25,847	-	-	25,847
	25,847	-	-	25,847
Current financial assets				
Trade and other receivables	42,370	-	-	42,370
Current investments	121,803	24,980	-	146,783
Cash and cash equivalents	271,041	-	-	271,041
Restricted cash	47,913	-	-	47,913
	483,127	24,980	-	508,107
	508,974	24,980	-	533,954
Non-current financial liabilities				
Borrowings	330,551	-	-	330,551
Lease liabilities	586,992	-	-	586,992
	917,543	-	-	917,543
Current financial liabilities				
Trade and other payables	262,999	-	-	262,999
Borrowings	190,599	-	-	190,599
Lease liabilities	54,798	-	-	54,798
Derivatives	-	194	-	194
	508,396	194	-	508,590
	1,425,939	**194**	**-**	**1,426,133**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

31 December 2019	Amortised costs N 'million	FVTPL N 'million	FVOCI N 'million	Total carrying amount N 'million
Current financial assets				
Trade and other receivables	42,224	-	-	42,224
Current investments	45,057	3,634	6,136	54,827
Cash and cash equivalents	114,301	-	-	114,301
Restricted cash	38,000	-	-	38,000
	239,582	3,634	6,136	249,352
	239,582	3,634	6,136	249,352
Non-current financial liabilities				
Borrowings	380,089	-	-	380,089
Lease liabilities	458,509	-	-	458,509
Derivatives	-	265	-	265
	838,598	265	-	838,863
Current financial liabilities				
Trade and other payables	107,579	-	-	107,579
Borrowings	32,453	-	-	32,453
Lease liabilities	33,564	-	-	33,564
	173,596	-	-	173,596
	1,012,194	**265**	**-**	**1,012,459**

45.2 Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Where a financial asset or liability is carried on the statement of financial position at fair value, additional disclosure is required. In particular, the fair values need to be classified in accordance with the fair value hierarchy. This fair value hierarchy distinguishes between different fair value methodologies based on the level of subjectivity applied in the valuation. The fair value hierarchy is split into the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (e.g. the price quoted on a stock exchange for a listed share).

Level 2: Valuation techniques with inputs other than quoted prices (included within level 1) that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (e.g. a valuation that uses observable interest rates or foreign exchange rates as inputs).

Level 3: Valuation techniques with inputs that are not based on observable market data (that is, unobservable inputs) (e.g. a valuation that uses the expected growth rate of an underlying business as input).

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

The Group's financial instruments measured at fair value are presented below.

Group and Company 31 December 2020	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Assets				
Treasury bills at fair value through profit and loss	24,980	-	-	24,980
	24,980	-	-	24,980
Liabilities				
Derivatives	-	194	-	194
	-	194	-	194
31 December 2019				
Assets				
Treasury bills at fair value through profit and loss	3,634	-	-	3,634
Treasury bills at fair value through other comprehensive income	6,136	-	-	6,136
	9,770	-	-	9,770
Liabilities				
Derivatives	-	265	-	265
	-	265	-	265

Financial asset at amortised cost and financial liabilities at amortised cost – The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value.

The fair values of the majority of the non-current liabilities measured at amortised cost are also not significantly different from their carrying values.

COVID-19 impact

The impact of the outbreak on fair value measurement for treasury bills although immaterial has been assessed and recognized in the financial statements

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

45.3 Financial assets and liabilities subject to offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Interconnect partners payables are offset against its receivables and reported on a net basis in the statement of financial position.

The following table presents the Group's financial assets and liabilities that are subject to offsetting:

Group and Company 31 December 2020	Gross amount N 'million	Amount offset N 'million	Net amount N 'million
Current financial assets			
Interconnect receivables	16,260	10,781	5,479
	16,260	10,781	5,479
Current financial liabilities			
Interconnect payables	13,461	10,781	2,680
	13,461	10,781	2,680
31 December 2019			
Current financial assets			
Interconnect receivables	24,618	10,349	14,269
	24,618	10,349	14,269
Current financial liabilities			
Interconnect payables	13,916	10,349	3,567
	13,916	10,349	3,567

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

45.4 Credit risk

Credit risk or the risk of financial loss to the Group due to customers or counter parties not meeting their contractual obligations and is managed through the application of credit approvals, limits and monitoring procedures.

The Group's maximum exposure to credit risk is represented by the carrying amount of the financial assets that are exposed to credit risk.

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
The following instruments give rise to credit risk				
Other investments	25,847	-	25,847	-
Trade and other receivables	40,014	41,017	42,370	42,224
Cash and cash equivalents	275,198	116,278	271,041	114,301
Restricted cash	47,913	38,050	47,913	38,000
Current investments	121,803	51,193	121,803	51,193
	536,622	**246,538**	**483,127**	**245,718**

45.4.1 Cash and cash equivalents, and restricted cash

Cash and cash equivalents, restricted cash and current investments. The Group's exposure and the credit ratings of its counter parties are continuously monitored and the aggregate values of investment portfolio is spread amongst approved financial institutions, which are lending institutions to the Group. The Group's Cash investment activity is based on the SLY (Safety, Liquidity and Yield) principle while it also limits its cash holdings in a financial institution to a maximum of 40% of total investment portfolio to manage concentration risk. The Exposure is controlled by a right of setoff and counter party exposure limits derived from the facility amount provided to the Group, the credit rating of the lending institutions as well as the cash collection by each of the lending institutions

The National Long Term credit ratings of the counterparty financial institutions where the Group's bank deposits and restricted cash range from AAA to BBB-.

The credit ratings of the counterparty financial institutions where the Group's current investments range from B- to B.

45.4.2 Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type).

The Group holds collateral as security for trade receivables relating to trade partners. These are bank guarantees held with bank with credit ratings of AAA to BBB-. A total of N4.41 billion was held as collateral for same value of receivables as at 31 December 2020 (31 December 2019: N4.75 billion). Trade partners are to pay within seven days of credit advanced. In the event of default, the bank guarantee is recalled immediately to offset the credit.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

Group

31 December 2020	Current	More than 30 days past due	More than 90 days past due	More than 180 days past due	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
Expected loss rate	8.90 %	27.13 %	33.40 %	100.00 %	
Gross carrying amount	16,200	5,786	6,452	5,775	34,213
Loss allowance	1,441	1,570	2,155	5,775	10,941
Credit impaired	No	No	No	Yes	

Group

31 December 2019	Current	More than 30 days past due	More than 90 days past due	More than 180 days past due	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
Expected loss rate	1.04 %	5.05 %	7.11 %	100.00 %	
Gross carrying amount	16,950	3,898	4,376	5,589	30,813
Loss allowance	176	197	311	5,589	6,273
Credit impaired	No	No	No	Yes	

Company

31 December 2020	Current	More than 30 days past due	More than 90 days past due	More than 180 days past due	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
Expected loss rate	6.52 %	27.57 %	37.85 %	100.00 %	
Gross carrying amount	15,970	5,187	6,291	5,671	33,119
Loss allowance	1,041	1,430	2,381	5,671	10,523
Credit impaired	No	No	No	Yes	

Company

31 December 2019*	Current	More than 30 days past due	More than 90 days past due	More than 180 days past due	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
Expected loss rate	0.63 %	1.13 %	3.78 %	100.00 %	
Gross carrying amount	16,754	3,791	3,546	5,572	29,663
Loss allowance	106	43	134	5,572	5,855
Credit impaired	No	No	No	Yes	

COVID-19 impact

In view of COVID-19, historical credit losses have been adjusted for the effects of current conditions and forecasts of future conditions. Credit impaired financial assets for the year ended 31 December 2020 stood at N4.3 billion (31 December 2019 N4.4 billion)

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

45.4.3 Current and other investments

Current investments are all liquid assets that consist of marketable securities. They are primarily selected based on the funding and liquidity plan of the Group and from issuers with the least known credit and default risk. In connection with investment decisions, priority is placed on the issuer's very high creditworthiness and the present yield/interest rates offered. In this assessment, the Group also considers the credit risk assessment of the issuer by the rating agencies such as Fitch, Standards and Poor (S & P). The Federal Government of Nigeria (FGN) has one of the lowest credit risks known in the country and in a possibility of default, it could simply increase the circulation of money in the country or borrow from international sources to pay off its local debt. In line with the Group's risk policy, its investments in treasury bills have no historical rate of default and the investments can be liquidated and sold at the prevalent market rates at that point in time. The rating for the FGN is B-, a speculative grade, for its Short-Term Local-Currency Issuer Default Rating (IDR) which is a stable rating but not yet at the investment grade level which is hardly given to African Countries. Current investments are thus not subject to a material credit risk and are allocated to stage 1 of the impairment model.

Expected Credit Losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. In determining the cash flows that the Group expects to receive, the Group apply the probability of default (default rate) based on rating by international credit rating agencies like S&P, Moody's and Fitch as well as local ratings by Agusto and Co.

Total estimated credit loss as at 31 December 2020 stood at N292.5 million (31 December 2019: Nil) while credit loss expense for the period stood at N292.5 million (31 December 2019: Nil).

The National Long Term credit ratings of the counterparty financial institutions where the Group's current investments range from AAA to BBB-.

Reconciliation of gross carrying amount and related ECL

Group	Cash and cash equivalent	Current investments	Other investments	Total ECL
	N 'million	N 'million	N 'million	N 'million
Balance at 1 January 2019	53,012	63,732	-	-
Net movement during the year	63,112	(18,675)	-	-
Exchange gain/(loss)	154	-	-	-
Allowance for expected credit losses	-	-	-	-
Balance at 31 December 2019	**116,278**	**45,057**	**-**	**-**
Net movement during the year	158,823	76,815	26,070	-
Exchange gain/(loss)	724	-	-	-
Allowance for expected credit losses	(627)	(69)	(223)	(919)
Balance at 31 December 2020	**275,198**	**121,803**	**25,847**	**-**
Company				
Balance at 1 January 2019	52,806	63,732	-	-
Net movement during the year	61,342	(18,675)	-	-
Exchange gain/(loss)	153	-	-	-
Allowance for expected credit losses	-	-	-	-
Balance at 31 December 2019	**114,301**	**45,057**	**-**	**-**
Net movement during the year	156,643	76,816	26,090	-
Exchange gain/(loss)	724	-	-	-
Allowance for expected credit losses	(627)	(69)	(223)	(919)
Balance at 31 December 2020	**271,041**	**121,804**	**25,867**	**(919)**

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

45.5 Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its obligations as they become due.

The Group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures it has sufficient cash on demand (currently the Group is maintaining a positive cash position) or access to facilities to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

COVID-19 impact

We have considered the potential of liquidity and working capital shortfalls due to changes in liquidity risk on financial instruments as a result of the pandemic. We have not had working capital shortfalls as a result of COVID-19. Beyond the steady operational cashflows, the current investment climate has provided an opportunity to raise funds at moderately low rates as witnessed N100 billion Commercial Paper that was oversubscribed.

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
The following are the liquid resources:				
Cash and cash equivalents	275,198	116,278	271,041	114,301
Trade and other receivables	40,014	41,017	42,370	42,224
Current investments	146,783	54,827	146,783	54,827
	461,995	**212,122**	**460,194**	**211,352**

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

The following are the contractual maturities of financial liabilities:

Group	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
31 December 2020								
Trade and other payables	265,692	192,515	73,177	-	-	-	-	265,692
Derivatives	194	-	-	194	-	-	-	194
Current borrowings	190,599	18,070	88,522	87,650	-	-	-	194,242
Current lease liability	54,798	-	31,785	89,651	-	-	-	121,436
Non-current Borrowings	330,551	-	-	-	109,938	265,000	19,282	394,220
Non-current lease liability	586,992	-	-	-	120,881	357,299	459,303	937,483
	1,428,826	**210,585**	**193,484**	**177,495**	**230,819**	**622,299**	**478,585**	**1,913,267**
31 December 2019								
Trade and other payables	108,307	68,353	39,954	-	-	-	-	108,307
Derivatives	265	-	-	-	265	-	-	265
Current borrowings	32,453	-	19,905	71,339	-	-	-	91,244
Current lease liability	33,564	-	28,245	73,553	-	-	-	101,798
Non-current borrowings	380,089	-	-	-	132,767	310,052	94,044	536,863
Non-current lease liability	458,509	-	-	-	99,397	285,118	435,728	820,243
	1,013,187	**68,353**	**88,104**	**144,892**	**232,429**	**595,170**	**529,772**	**1,658,720**

*The 2019 figures have been restated to reflect the changes in accounting policy. See Note 5.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

Company	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
31 December 2020								
Trade and other payables	262,999	190,895	72,104	-	-	-	-	262,999
Derivatives	194	-	-	194	-	-	-	194
Current borrowings	190,599	18,070	88,522	87,650	-	-	-	194,242
Current lease liability	54,798	-	31,785	89,651	-	-	-	121,436
Non-current borrowings	330,551	-	-	-	109,938	265,000	19,282	394,220
Non-current lease liability	586,992	-	-	-	120,881	357,299	459,303	937,483
	1,426,133	**208,965**	**192,411**	**177,495**	**230,819**	**622,299**	**478,585**	**1,910,574**
31 December 2019								
Trade and other payables	107,579	67,912	39,667	-	-	-	-	107,579
Derivatives	265	-	-	-	265	-	-	265
Current borrowings	32,453	-	19,905	71,339	-	-	-	91,244
Current lease liabilities	33,564	-	28,245	73,553	-	-	-	101,798
Non-current borrowings	380,089	-	-	-	132,767	310,052	94,044	536,863
Non-current lease liabilities	458,509	-	-	-	99,396,747	285,118,485	435,727,955	820,243,187
	1,012,459	**67,912**	**87,817**	**144,892**	**99,529,779**	**285,428,537**	**435,821,999**	**821,080,936**

*The 2019 figures have been restated to reflect the changes in accounting policy. See Note 5.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

45.6 Market risk

Market risk is the risk that changes in market prices (interest rate, price risk and currency risk) will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is not exposed to price risk.

Derivatives are entered into solely for risk management purposes and not as speculative investments. The Group treasury policy specifies approved instruments which may be used to economically hedge the Group's exposure to variability in foreign currency and to manage and maintain market risk exposures within the parameters set by the Group's board of directors.

45.6.1 Interest rate risk

Interest rate risk is the risk that the cash flow or fair value of an interest bearing financial instrument will fluctuate because of changes in market interest rates.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, short term investments and loans payable. The interest rates applicable to these financial instruments are on a combination of floating and fixed basis in line with those currently available in the market.

The Group's interest rate risk arises from the repricing of the Group's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the significant cash balances which exist.

The Group manages its debt on an optimal mix of local and foreign borrowings and fixed and floating interest rates.

Interest rate profile

At the reporting date the interest rate profile of the Group's financial instruments is as follows:

	31 December 2020			31 December 2019		
Group	**Fixed rate instruments N 'million**	**Variable rate instruments N 'million**	**Non interest bearing N 'million**	**Fixed rate instruments N 'million**	**Variable rate instruments N 'million**	**Non interest bearing N 'million**
Financial assets						
Cash and cash equivalents	275,198	-	-	116,278	-	-
Current investments	146,783	-	-	54,827	-	-
Restricted cash	-	-	47,913	-	-	38,050
Trade and other receivables	-	-	40,014	-	-	41,017
Other investments	25,847	-	-	-	-	-
	447,828	-	87,927	171,105	-	79,067
Financial liabilities						
Trade payables	-	-	67,384	-	-	27,467
Other accrued expenses	-	-	170,227	-	-	64,023
Other payables	-	-	607	-	-	434
Amounts due to related parties	-	27,474	-	-	16,383	-
Current Borrowings	-	190,599	-	-	32,453	-
Non-current Borrowings	-	330,551	-	-	380,089	-
	-	**548,624**	**238,218**	**-**	**428,925**	**91,924**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

Company	31 December 2020			31 December 2019		
	Fixed rate instruments N 'million	Variable rate instruments N 'million	Non interest bearing N 'million	Fixed rate instruments N 'million	Variable rate instruments N 'million	Non interest bearing N 'million
Financial assets						
Cash and cash equivalents	271,041	-	-	114,301	-	-
Current investments	146,783	-	-	54,827	-	-
Restricted cash	-	-	47,913	-	-	38,000
Trade and other receivables	-	-	42,370	-	-	42,224
Other investments	25,847	-	-	-	-	-
	443,671	-	90,283	169,128	-	80,224
Financial liabilities						
Trade payables	-	-	65,624	-	-	27,298
Other accrued expenses	-	-	168,957	-	-	63,469
Other payables	-	-	607	-	-	429
Amounts due to related parties	-	27,811	-	-	16,383	-
Current Borrowings	-	190,599	-	-	32,453	-
Non-current Borrowings	-	330,551	-	-	380,089	-
	-	**548,961**	**235,188**	**-**	**428,925**	**91,196**

COVID-19 impact

Interest rates on borrowings are still trending in the Pre- COVID-19 direction in a downward direction, so there has not been a major impact of the COVID-19 on borrowings.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant.

The Group is mainly exposed to fluctuations in the following market interest rates: LIBOR and NIBOR. Changes in market interest rates affect the interest income or expense of floating rate financial instruments. Changes in market interest rates only affect profit or loss in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown overleaf.

Notes to the audited consolidated and separate financial statements

45. Financial instruments and risk management (continued)

The analysis has been performed on the basis of the change occurring at the reporting date and assumes that all other variables, in particular foreign currency rates, remains constant. The analysis is performed on the same basis for prior year.

Group and Company	31 December 2020 Increase/(decrease) in profit before tax			31 December 2019 Increase/(decrease) in profit before tax		
	Change in interest rate	Upward change in interest rate	Downward change in interest rate	Change in interest rate	Upward change in interest rate	Downward change in interest rate
	%	N 'million	N 'million	%	N 'million	N 'million
LIBOR	1	(292)	292	1	(345)	345
NIBOR	1	(3,217)	3,217	1	(3,800)	3,800

45.6.2 Currency risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

The Group manages foreign currency risk on major foreign denominated purchase orders through the use of Letters of Credit. The Group has also entered into a currency swap arrangement to enhance dollar liquidity to address critical operational requirements.

Refer to Note 43 for details of financial instruments exposed to currency risk.

Sensitivity analysis

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of the US Dollar, being the significant foreign denominated currency.

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement of an instantaneous 10% strengthening or 5% weakening in the Nigerian Naira against the US Dollar, from the rate applicable at 31 December, for each class of financial instrument with all other variables, in particular interest rates, remaining constant.

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period. The analysis is performed on the same basis for the Company.

Group and Company	**31 December 2020**		**31 December 2019**	
	Increase/(decrease) in profit before tax		**Increase/(decrease) in profit before tax**	
	10% weakening in Naira, resulting in a decrease in profit before tax	**5% strengthening in Naira, resulting in an increase in profit before tax**	**10% weakening in Naira, resulting in a decrease in profit before tax**	**5% strengthening in Naira, resulting in an increase in profit before tax**
Denominated: Functional	N 'million	N 'million	N 'million	N 'million
USD:NGN	(10,164)	5,082	(2,470)	1,235

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

45. Financial instruments and risk management (continued)

45.7 Capital risk management

The Group seeks to optimise its capital structure by ensuring adequate gearing levels taking into consideration working capital, cash flow, existing loan covenants, operational requirements, business plan and broader macro-economic conditions.

It maximizes external borrowings on the back of its strong cash generating capacity. In line with its funding policy, the Group diversifies funding sources across local and international markets and ensures that new facility conditions comply with existing loan covenants.

Management monitors Net Debt to EBITDA and EBITDA to Net Interest in line with the financial covenants in the loan agreement while it seeks to limit refinancing risk by controlling the concentrations of maturing obligations in the short end of maturity profile. Equity approximates share capital and reserves. EBITDA is defined as earnings before interest, tax, depreciation, amortisation and goodwill impairment/losses.

Gross debt relates to MTN Nigeria syndicated medium term loan, net debt is the gross debt less cash and cash equivalents and total funding is gross debt plus equity.

	Group		Company	
	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Revenue	1,346,390	1,169,831	1,346,288	1,167,515
Operating expenses excluding depreciation and amortisation.	(685,740)	(625,031)	(690,806)	(624,195)
EBITDA	660,650	544,800	655,482	543,320
Gross debt	521,150	412,542	521,150	412,542
Cash and cash equivalents	(275,198)	(116,278)	(271,041)	(114,301)
Net debt	245,952	296,264	250,109	298,241
Gross debt	521,150	412,542	521,150	412,542
Equity	178,386	145,857	202,232	162,435
Total funding	699,536	558,399	723,382	574,977
Gross debt :Total funding	74 %	74 %	72 %	72 %
Net debt: Total funding	35 %	53 %	35 %	52 %
Net debt : EBITDA	37 %	54 %	38 %	55 %

46. Share based payments

46.1 Share based payment liability

	Group		Company	
	2020 N 'million	2019 N 'million	2020 N 'million	2019 N 'million
Non-current	2,273	745	2,273	745
	2,273	**745**	**2,273**	**745**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Notes to the audited consolidated and separate financial statements

46. Share based payments (continued)
46.2 Share appreciation rights

The share based payment liability above relates to the following notional share scheme.

MTN Nigeria Communications Plc operates a Notional Share Scheme, where qualifying staff receive the increase in a phantom MTN share price at exercise date as compared to the offer price. The scheme is a cash-settled share based payment scheme. The vesting period is 100% on the third anniversary after the grant date. Options expire after 10 years from grant date.

Group and Company

2020

Offer date	Naira strike price		Number outstanding at 1 January 2020		Offered During 2020		Expired\Forfeited During 2020		Exercised During 2020		Number outstanding at 31 December 2020		Price appreciation per LAN option	Amount of cash settled
	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	NGN	NGN
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
01-Apr-2010	-	-	6,680	5,660	-	-	6,680	5,660	-	-	-	-	-	-
01-Apr-2011	6,067	3,123	47,600	21,550	-	-	18,700	11,240	15,200	-	13,700	10,310	144	2,183,480
01-Apr-2012	6,100	2,780	106,300	64,580	-	-	15,620	22,530	68,580	-	22,100	42,050	110	7,552,030
01-Apr-2013	5,009	2,781	251,352	194,840	-	-	11,060	16,980	213,220	-	27,072	177,860	1,201	256,102,806
01-Apr-2014	5,313	3,367	56,600	38,600	-	-	1,500	2,000	53,400	-	1,700	36,600	897	47,916,888
01-Apr-2015	5,299	3,354	143,700	98,000	-	-	15,300	13,200	111,900	-	16,500	84,800	912	102,008,040
01-Apr-2016	4,747	1,787	160,900	182,800	-	-	1,390	1,900	144,540	-	14,970	180,900	1,464	211,535,735
01-Apr-2017	4,207	2,810	340,100	212,000	-	-	2,600	4,800	314,900	-	22,600	207,200	2,003	630,842,319
01-Apr-2018	3,820	3,619	548,200	241,300	24,900	11,500	36,200	16,500	2,500	-	534,400	236,300	-	-
01-Apr-2019	4,797	2,189	530,200	501,000	-	-	18,500	16,200	1,050	-	510,650	484,800	-	-
01-Apr-2020	6,210	1,016	-	-	502,200	1,315,300	12,000	31,600	-	-	490,200	1,283,700	-	-
			2,191,632	1,560,330	527,100	1,326,800	139,550	142,610	925,290	-	1,653,892	2,744,520	-	1,258,141,298

*The 2019 figures have been restated to reflect the changes in accounting policy. See Note 5.

Notes to the audited consolidated and separate financial statements

46. Share based payments (continued)

2019

Offer date	Naira strike price		Number outstanding at 1 January 2019		Offered During 2019		Expired\Forfeited During 2019		Exercised During 2019		Number outstanding at 31 December 2019	
	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
01-Apr-2008	2,916	2,160	-	-	-	-	-	-	-	-	-	-
01-Nov-2008	2,916	1,291	-	-	-	-	-	-	-	-	-	-
01-Apr-2009	3,726	1,570	-	-	-	-	-	-	-	-	-	-
01-Apr-2010	4,991	2,288	6,680	5,660	-	-	-	-	-	-	6,680	5,660
01-Apr-2011	6,067	3,123	47,600	21,550	-	-	-	-	-	-	47,600	21,550
01-Apr-2012	6,100	2,780	108,600	66,680	-	-	2,300	2,100	-	-	106,300	64,580
01-Apr-2013	5,009	2,781	252,852	196,040	-	-	1,500	1,200	-	-	251,352	194,840
01-Apr-2014	5,313	3,367	57,000	38,800	-	-	400	200	-	-	56,600	38,600
01-Apr-2015	5,299	3,354	145,200	99,000	-	-	1,500	1,000	-	-	143,700	98,000
01-Apr-2016	4,747	1,787	165,300	187,800	-	-	4,400	5,000	-	-	160,900	182,800
01-Apr-2017	4,207	2,810	340,100	212,000	-	-	-	-	-	-	340,100	212,000
01-Apr-2018	3,820	3,619	563,700	248,200	-	-	15,500	6,900	-	-	548,200	241,300
01-Apr-2019	4,797	2,189	-	-	541,800	511,900	11,600	10,900	-	-	530,200	501,000
			1,687,032	1,075,730	541,800	511,900	37,200	27,300	-	-	2,191,632	1,560,330

The weighted average price of the LAN options granted during the year is N6,210; 527,100 options (2019: N4,797; 541,800 options) while the weighted average price of GAN options granted during the year is N1,016; 1,326,800 options (2019: N2,189; 511,900 options).

*The 2019 figures have been restated to reflect the changes in accounting policy. See Note 5.

46. Share based payments (continued)

MTN Group option pricing model can be categorized into two - GAN Share Pricing model and the LAN Share Pricing model.

Group Aligned Notional (GAN) Share Pricing

The MTN GAN price is based on the daily closing price of the MTN Group Shares on the Johannesburg Stock Exchange. Initially, the price at which GAN NSO is offered to a participant will be the closing price of the MTN Group Share on the day preceding the allocation date of Group Shares as traded on the JSE, converted into applicable local currency using the exchange rate for the day (31 March).

As at 01 April 2020, the price of the MTN Group Share was R48.39 (closing price of group share on 31 march 2020). The exchange rate of the Naira to the Rand on the same date was 20.99. The local currency equivalent price of GAN as at that date was (48.39*20.99) NGN1, 015.71. This price was used for allocating GAN NSO to qualifying employees of MTN Nigeria in April 2020.

Meanwhile, the closing price of the GAN Stock on the JSE on 31 December 2020 was R60.19. The revised valuation of the 01 April 2020 GAN Share as at year end is NGN1, 262.72. This is calculated as follows:

GAN Share as at year end	= (31 Dec 2020 Price / 01 April 2020 Price) * NGN Price at grant date
	= (R60.19 / R48.39) * NGN 1,015.17
	= NGN 1,262.72

If an employee or participant who was allocated GAN Stock on 01 April 2020, wishes to exercise the stock on 31 Dec. 2020, the share appreciation right per unit of GAN will be as below:

Share appreciation right per unit of GAN = NGN (1,262.47- 1,015.17) = N247.30

Locally Aligned Notional (LAN) Share Pricing

The LAN NSO price calculation of the share options and Share Appreciation Right (SAR) is based on historical data and based on the audited financial results (EBITDA) of the previous year. The audited EBITDA (IAS 17, now IFRS 16) will be multiplied by the determined EBITDA multiple to calculate the imputed enterprise value, in accordance with the MTN NSO Policy. The imputed enterprise value will be divided by the number of shares issued in order to determine a price per LAN NSO. The LAN NSO Price is usually determined once in a year, and it's effective on 01 April of each year.

Notes to the audited consolidated and separate financial statements

47. Going concern assessment

In accordance with the requirements of IAS 1.25, the Board of Directors of MTN Communications Nigeria Plc have performed an assessment of the entity's ability to continue as a going concern when preparing financial statements. The Board has considered whether:

- there is an intention to liquidate MTN Nigeria.
- there is an intention to cease operations.
- MTNN has no realistic alternative but to liquidate or cease operations.

Furthermore, we have considered the various events and conditions below that may exist and impact the business individually or collectively may cast significant doubt on the entity's ability to continue as a going concern such as:

- There are no fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment. We are currently complying with all loan agreements and no loans have been renegotiated.
- There are currently no changes in legislation or government policy expected to adversely affect MTN Communications Nigeria Plc.
- There are no substantial operating losses or significant deterioration in the value of assets used to generate cash flows, however there's been a major impact of forex deterioration on the business due to the increase in the NAFEX rate from N365 to around N400 to $1. There is an ongoing effort to re-denominate some categories of foreign denominated expenditure to local currency to reduce exposure to exchange rate volatility.
- There are no plans to restructure the business of MTN Nigeria, dispose major assets or business.
- An assessment of forecast cash flows and projections has been performed, including potential impact of external/internal variations, uncertainties and sensitivity of expenditure plans. We are satisfied that the business continuity is not hindered in any way or manner.

Based on the factors considered above and taking account of reasonable possible changes in trading performance and the current financial position, the going concern basis has been adopted in preparing the consolidated financial statements. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Notes to the audited consolidated and separate financial statements

48. Business continuity on the COVID-19 pandemic

The COVID-19 pandemic caused unprecedented disruption to businesses and impacted lives and livelihood. The pandemic is currently active in over 218 countries around the world and having infected over 109million people. Although the operating environment remains challenging, the easing of lockdown restrictions has led to an improvement in economic activity and market conditions. Our response to the global pandemic and its impact can be categorised into four broad areas, namely social, commercial, network and supply chain as well as funding and liquidity considerations.

In terms of the social impact, we launched various initiatives to provide support for our people, customers and the various levels of government as part of our Y'ello Hope Package. We empowered our people to work remotely and implemented health measures and monitoring to ensure their safety and business continuity. We provide welfare support to them through the MTN Global Staff Emergency Fund.

Our customers, particularly the low-income mass, benefited from the free SMS initiative introduced in Q2, providing 300 free text messages a month to ensure that they could stay in touch with friends and family. Over 4.3 billion text messages were sent by more than 75% of our subscribers. We zero-rated access to a range of health and education sites, enabling our customers to use more than 3,000TB of free data as at December 2020 to access vital information. Fees for local money transfers via the MoMo Agent Network were waived for one month starting 23 March 2020.

To support the thousands of small businesses that rely on us for connectivity, we rolled out a series of interventions. From relaxing payment terms at the beginning of the crisis to designing and delivering the multi-faceted REVV programme aimed at supporting Micro, Small and Medium scale enterprises (MSMEs) amidst the economic disruptions resulting from the COVID-19 pandemic. Over 20,000 MSMEs registered for the masterclass sessions and we provided support for the 200 MSMEs (Y'ello 200) that emerged from the programme, helping them to adapt to a digital marketplace.

To support government's efforts at combating the pandemic, MTN Nigeria Communications Plc donated N1 billion to the Coalition Against COVID-19 (CACOVID) and delivered N250 million of personal protective equipment (PPE) to the Nigeria Centre for Disease Control (NCDC) through MTN Nigeria Foundation. This is in addition to the support provided to the Federal Ministry of Education who recommended sites that have been zero rated for educational purposes and to the logistical and communications provided to the Nigeria Governors Forum.

49. Security trading policy

MTN Nigeria Communications Plc has in place a Securities Trading Policy which guides the Board and employees when effecting transactions in the Company's shares. The Policy provides for periods for Dealing in Shares and other Securities, established communication protocols on periods when transactions are not permitted to be effected on the Company's Shares as well as disclosure requirements when effecting such transactions.

Insiders covered in this Policy have not notified the Company of any dealing in the Company's Securities within this period and the Company is not aware of any breach of this Policy within the period.

50. Free float information

MTN Nigeria Communications Plc with a free float value of N420,788,848,780 as at 31 December 2020 (31 December 2019: N262,702,091,925) is compliant with The Exchange's requirements for free float for companies listed on the Premium Board.

51. Events after the reporting period

On 25 February 2021, a dividend of N5.90 kobo per share was proposed by the directors for approval at the Annual General Meeting.

Value added statements

	2020 N 'million	2020 %	2019 restated* N 'million	2019 restated* %
Group				
Value added				
Revenue	1,346,390		1,169,831	
Other income	104		-	
- Local	(581,289)		(472,736)	
- Foreign	(17,427)		(21,184)	
Total value added	**747,778**	**100**	**675,911**	**100**
Value distributed				
To pay employees				
Salaries, wages and other benefits	45,325		30,707	
	45,325	**6**	**30,707**	**5**
To pay providers of capital				
Finance costs	143,687		122,080	
	143,687	**19**	**122,080**	**18**
To pay government				
Income tax	101,117		76,673	
Deferred tax	(7,457)		11,321	
	93,660	**13**	**87,994**	**13**
To be retained in the business for expansion and future wealth creation:				
Depreciation and impairment	223,193		201,850	
Amortisation	36,699		29,997	
	259,892	**35**	**231,847**	**34**
Value retained				
Retained profit for the year	205,214		203,283	
	205,214	**27**	**203,283**	**30**
Total value distributed	**747,778**	**100**	**675,911**	**100**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Value added statements

	2020 N 'million	2020 %	2019 restated* N 'million	2019 restated* %
Company				
Value added				
Revenue	1,346,288		1,167,515	
Other income	104		-	
- Local	(576,861)		(471,183)	
- Foreign	(17,427)		(21,184)	
Total value added	**752,104**	**100**	**675,148**	**100**
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	44,598		30,707	
	44,598	**6**	**30,707**	**5**
To pay providers of capital				
Finance costs	143,687		122,080	
	143,687	**19**	**122,080**	**18**
To pay government				
Income tax	101,110		76,537	
Deferred tax	(4,347)		12,849	
	96,763	**13**	**89,386**	**13**
To be retained in the business for expansion and future wealth creation:				
Depreciation and impairment	223,193		201,850	
Amortisation	31,381		24,643	
	254,574	**34**	**226,493**	**34**
Value retained				
Retained profit for the year	212,482		206,482	
	212,482	**28**	**206,482**	**31**
Total value distributed	**752,104**	**100**	**675,148**	**100**

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Five-year financial summaries

	2020	2019 restated*	2018	2017 restated*	1 January 2017 restated*
	N 'million	N 'million	N 'million	N 'million	N 'million
Group					
Statement of financial position					
Assets					
Property, plant and equipment	686,157	625,095	607,024	582,439	494,670
Intangible assets	111,080	120,946	119,368	128,602	141,488
Other non-current assets	643,488	493,354	19,493	17,150	22,764
Net current liabilities	(221,094)	(131,694)	(385,095)	(300,236)	(124,525)
Assets of disposal groups held for sale	-	-	-	-	7
Non-current liabilities	(1,041,245)	(961,844)	(141,439)	(315,104)	(452,794)
Net assets	**178,386**	**145,857**	**219,351**	**112,851**	**81,610**
Equity					
Share capital	407	407	646	646	646
Share premium	17,216	17,216	64,498	64,498	64,498
Other Reserves	239	521	6	497	326
Retained earnings	160,524	127,713	154,201	47,210	16,140
Total equity	**178,386**	**145,857**	**219,351**	**112,851**	**81,610**
Statement of profit or loss					
Revenue	1,346,390	1,169,831	1,039,118	887,180	793,673
Profit before taxation	**298,874**	**291,277**	**221,343**	**107,890**	**126,651**
Taxation	(93,660)	(87,994)	(75,657)	(26,819)	(37,851)
Profit for the year	**205,214**	**203,283**	**145,686**	**81,071**	**88,800**
Per share data					
Earnings per share - basic/diluted (N)	10.08	9.99	7.16	3.98	4.36
Net assets per share (N)	8.76	7.17	10.78	5.54	4.01

*The comparative prior year figures have been restated to reflect the changes in the number of shares.

**Net assets per share and earnings per share have been restated to reflect the changes in number of shares.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.

Five-year financial summaries

	2020	2019 restated*	2018	2017 restated*	1 January 2017 restated*
	N 'million	N 'million	N 'million	N 'million	N 'million
Company					
Statement of financial position					
Assets					
Property, plant and equipment	686,157	625,095	606,963	582,378	494,610
Intangible assets	79,525	84,072	77,108	80,988	88,871
Other non-current assets	692,816	538,932	63,321	60,928	66,542
Net current liabilities	(219,458)	(131,367)	(382,297)	(296,489)	(119,727)
Non-current liabilities	(1,036,808)	(954,297)	(132,365)	(304,520)	(440,701)
Assets of disposal groups held for sale	-	-	-	-	7
Net assets	**202,232**	**162,435**	**232,730**	**123,285**	**89,602**
Equity					
Share capital	407	407	646	646	646
Share premium	17,216	17,216	64,498	64,498	64,498
Other Reserves	239	521	6	497	326
Retained earnings	184,370	144,291	167,580	57,644	24,132
Total equity	**202,232**	**162,435**	**232,730**	**123,285**	**89,602**
Statement of profit or loss					
Revenue	1,346,288	1,167,515	1,037,068	885,808	7,899,892
Profit before taxation	**309,245**	**295,868**	**225,525**	**111,326**	**135,072**
Taxation	(96,763)	(89,386)	(76,894)	(27,814)	(39,184)
Profit for the year	**212,482**	**206,482**	**148,631**	**83,512**	**95,888**
Per share data					
Earnings per share - basic/diluted (N)	10.44	10.14	7.30	4.10	4.71
Net assets per share (N)	9.94	7.98	11.43	6.06	4.40

*01 January 2018 was restated for the impact of IFRS 15 Revenue from contract with customers.

**Net assets per share and earnings per share have been restated to reflect the changes in number of shares.

*The 2019 figures have been restated to reflect the amendment in accounting treatment. See Note 5.